

Comprehensive Annual Financial Report



**THE SCHOOL BOARD
OF THE CITY OF
VIRGINIA BEACH**

(a component unit
of the City of
Virginia Beach, Virginia)

For the Fiscal Year Ended
June 30, 2012

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**SCHOOL BOARD
OF THE
CITY OF VIRGINIA BEACH**
(A component unit of the City of Virginia Beach, Virginia)

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**PREPARED BY
OFFICE OF BUSINESS SERVICES**



COMPLIANCE AND ADA STATEMENTS

The Virginia Beach City Public Schools prohibits discrimination on the basis of race, color, religion, sex, ethnicity, national origin, age, disability, pregnancy and childbirth, or marital status. School Board policies and supporting regulation (Policies 2-33, 4-4, 5-7, and 6-7, and Regulation 5-44.1) provide equal access to courses, programs, counseling services, physical education and athletics, vocational education, instructional materials, and extracurricular activities. Violations of these policies should be reported to the Director of Student Leadership at 757-263-2020 or the Assistant Superintendent of Human Resources at 757-263-1133.

Alternative formats of this report, which may include taped, Braille, or large print materials, are available upon request for individuals with disabilities. Call or write the Director of Business Services, Virginia Beach City Public Schools, 2512 George Mason Drive, P.O. Box 6038, Virginia Beach, Virginia 23456-0038, Telephone 757-263-1033 or fax 757-263-1739.

*School Board of the City of Virginia Beach, Virginia
Comprehensive Annual Financial Report
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INTRODUCTORY SECTION



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VIRGINIA BEACH CITY PUBLIC SCHOOLS

A H E A D O F T H E C U R V E

James G. Merrill, Ed.D.
Superintendent

November 29, 2012

The Honorable Members of the School Board
and the Citizens of the
City of Virginia Beach, Virginia:

The Comprehensive Annual Financial Report of the School Board of the City of Virginia Beach, Virginia (the School Board) for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Governmental Activities and various funds of the School Board. All disclosures necessary to enable the reader to gain an understanding of the School Board's financial activities have been included.

The Comprehensive Annual Financial Report is divided into four sections:

Introductory Section – includes this Transmittal Letter, reproductions of the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) financial reporting certificate awards, the School Board members (June 30, 2012), and an Organizational Chart (June 30, 2012).

Financial Section – includes the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information for Retirement and Other Postemployment Benefits, Required Supplementary Information for Major Funds, Notes to the Required Supplementary Information, and Combining and Individual Fund Statements and Schedules for Nonmajor Funds.

Statistical Section – includes a number of tables and graphs that present various financial, student/personnel, demographic, economic, and other information, for the School Board and City of Virginia Beach, generally presented on a multi-year basis.

Compliance Section – includes the Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of MD&A. This Transmittal Letter is designed to complement MD&A and should be read in conjunction with it. The School Board's MD&A is presented immediately following the Independent Auditors' Report.

The School Board of the City of Virginia Beach is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, if any, and auditors' reports, is included in the City of Virginia Beach's Comprehensive Annual Financial Report.

THE REPORTING ENTITY AND ORGANIZATION

The present City of Virginia Beach (City) was formed on January 1, 1963 by the merger of Princess Anne County and the former, smaller City of Virginia Beach. This merger created one of the largest cities in the Commonwealth of Virginia with an area of 307 square miles and 38 miles of shoreline on the Atlantic Ocean and the Chesapeake Bay.

The School Board is responsible for elementary and secondary education within the city. The elected eleven-member School Board, vested with the legislative powers, appoints the Superintendent who is the executive and administrative head of the public school division. The City Council approves the School Board's operating budget, levies the necessary taxes to finance their portion of the operations, and approves the borrowing of money and issuance of bonds when necessary. The City Council is prohibited from exercising any control over specific appropriations within the operating budget of the School Board. However, City Council may exercise control in total by major categories (e.g., Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Technology) as prescribed by the Code of Virginia, as amended.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (the City of Virginia Beach), as well as its component units, which are legally separate organizations for which the City Council is financially accountable (e.g., a component unit that is fiscally dependent on the primary government). The School Board is considered a component unit of the City and the financial position and results of operations of the School Board are also presented in the City's Comprehensive Annual Financial Report. The School Board has no component units for financial reporting purposes.

The School Board is fiscally dependent (i.e., it does not have taxing or levying authority, or borrowing authority). It derives most of its funding from allocations from the City and the Commonwealth of Virginia. With more than 68,900 students, it is the third largest school division in the Commonwealth of Virginia.

Leadership is provided by the School Board working in concert with the Superintendent. The School Board consists of eleven citizens directly elected to serve four-

year overlapping terms. The City's Charter designates that the composition of the School Board consists of one member from among the residents of each of the seven districts elected from the city at-large, with four additional at-large members. The School Board is responsible for setting policy, while the Superintendent and his administrative staff are charged with managing the school division's operations.

The administrative structure is divided into eight operational areas, as follows: School Administration; Administrative Support Services (such as construction, facilities management, food services, pupil transportation, supply services, custodial services, maintenance, safety and loss control, and similar activities); Educational Leadership and Assessment; Technology; Budget and Finance; Curriculum and Instruction; Human Resources; and Media and Communications Development.

ECONOMIC CONDITION AND OUTLOOK

The School Board serves the largest city in the Commonwealth of Virginia with a population of more than 441,000 people and oversees the third largest school system, with a school enrollment of over 68,900 students (projected to continue a slight decline over the next 3 years and stabilize thereafter) and over 10,300 employees. Situated on the coast of the Atlantic Ocean adjacent to the Chesapeake Bay, Virginia Beach is 146 air miles from Washington, D.C.

Since 1997, the Virginia Beach City Public Schools (VBCPS) has spent \$387 million to modernize or replace 26 of the school division's oldest elementary schools, along with maintenance, supply, custodial, and transportation facilities. Although the School Board has made great strides in modernizing and replacing aging schools/facilities, the effects of the Great Recession have considerably reduced the available funding on the local and state level. The remaining school facilities in need of modernization or replacement are provided limited funding for maintenance/repairs and upgrades (e.g., technological) through the operating budget until funding becomes available through the City's Capital Improvement Program budget process.

Virginia Beach is well known as a resort community. Its diversification, however, has been the underlying strength of the city's economy. Major components of the city's economic base include the following: construction/real estate; light industry; wholesale and retail sales; agriculture; advanced manufacturing; the military community consisting of three bases; and the omnipresent resort and convention trade. The largest employment sector in Virginia Beach is the government sector, which is composed of federal, civilian, military, state and local governments. The city has been designated as the "Best-Run City in America," according to a 2012 study by 24/7 Wall Street.

In the fiscal year ending June 30, 2012, Virginia Beach continued to experience "steady growth," according to the Director of the City's Department of Economic Development. In Fiscal Year 2012, the city attracted over \$122 million in private investment. These companies created more than 1,000 new jobs and retained more than 900 jobs through existing industry expansions.

The Town Center of Virginia Beach is the heart of a mixed-use, "main street" style development within the city's emerging Central Business District and the home of major entertainment, cultural, business, and retail activities. Town Center will eventually span 25 acres and 17 city blocks in the Pembroke area of the city, bounded by Virginia Beach Boulevard, Constitution Drive, Columbus Street and Independence Boulevard. The complex is projected to ultimately include 800,000 sq. ft. of Class "A" office space, 832,500 sq. ft. of multi-level upscale retail space. It currently includes a business class hotel and conference center, luxury apartments and condominiums, performing arts theater, fine dining, specialty shops, and free structured parking. The City Council recently approved the latest addition to Town Center – a 14-story tower and parking garage, including eight floors of office space, 267 apartments, and 18,000 square feet of retail space on the ground floor.

Virginia Beach is a great city for business, as the city boasts a skilled, educated workforce, strategic location, low tax rates, and a dynamic, diverse economy. Because of its strategic mid-Atlantic location, both global and U.S. markets are readily accessed through a superior multi-modal transportation network, which includes an extensive railway system, an international airport, vast shipping terminals, and one of the East Coast's largest ports.

Virginia Beach offers a low cost environment for doing business, as well as a mix of commercial properties suitable for national and international business operations. International business development is also a key component to the Virginia Beach economy, as nearly 200 foreign-based companies are located in the area in addition to the many local companies who operate around the globe. With 13 foreign consular offices and direct shipping to all of the world's major ports, the Virginia Beach MSA is truly an international business gateway.

In addition to being a wonderful place to live, work and play, Virginia Beach is a fun place to visit. The city aims to become a year-round destination for business and pleasure. Farm Bureau Live at Virginia Beach, which is the city's Amphitheater, attracted more than 235,000 music lovers to 21 events last year. Top-drawing acts included Jimmy Buffett, Brad Paisley, and Rascal Flatts. The Virginia Beach Convention Center stands at more than 500,000 square feet, including a 31,000 square-foot ballroom with LED lighting, a 150,000 square-foot column-free exhibit hall, 38,999 square feet of meeting space and 2,230 free parking spaces. This award-winning facility is also the first Virginia and American Green certified convention center. It is also the largest building in Virginia to achieve LEED (Leadership in Energy and Environmental Design) Gold Certification for Existing Buildings. In the most recent calendar year, Virginia Beach experienced a record year for overall lodging sales. Citywide lodging sales were over \$279 million, and Virginia Beach was the only city in Hampton Roads to experience a growth in revenue per available hotel room over recent years. Approximately 5.5 million people visit Virginia Beach on an annual basis. These visitors spent approximately \$1.13 billion during their stay for accommodations, meals, entertainment, and other services.

MAJOR INITIATIVES

For the 2011-2012 fiscal year, the School Board had to come up against a particularly challenging budget development process. Even in the face of decreased funding from both the state and city government, the school division managed to maintain its commitment to developing 21st century learners. This systemic approach is embodied in the school division's strategic plan, *Compass to 2015: A Strategic Plan for Student Success*. This year, data showed the school division's planning and foresight is paying off. According to statistics from graduation results, the longer a student remains in VBCPS, the better his/her chances are of graduating from high school on time. In addition, for his leadership of the school division, Dr. James Merrill was named the 2012-13 Virginia Superintendent of the Year.

Along with the continued promotion of *Compass to 2015*, the school division took other steps to make sure today's students are fully prepared and equipped for the classrooms and workplaces of tomorrow. For example, the School Board approved a new initiative, *Bring Your Own Device*, which allows students to bring their own electronic devices, such as a tablet or smartphone, to the classroom to be used as part of instruction. While students are allowed to bring their own devices to school, they are not required to do so. If technology such as a laptop, iPad, or e-reader is needed for a lesson, one is provided through school resources.

Seeing the need to further equip our students, the Department of Technology launched its *Laptop Loaner* program. This program loaned 4,000 refurbished laptops from around the city to high school and middle school students in need of a computer at home during the school year. The program allows students – who would otherwise not have access to technology in their home – to continue enhancing their digital skills and education while completing homework assignments.

Additionally, the school division has continued to support the Computer Refurbishment Program. VBCPS – in partnership with the Virginia Beach Education Foundation and the Virginia Student Training and Refurbishment (VA STAR) program – refurbishes donated government computers for distribution to children from some of the city's neediest families. The VBCPS Computer Refurbishment Program is a “win-win” for the community as it allows students who refurbish the computers to gain computer and workforce readiness skills while directly benefitting families in our school division. Nearly 140 computers have been re-imaged and distributed to families in our community since the program's inception in December 2009.

Despite an extremely difficult budget year, VBCPS has succeeded in maintaining a high-quality work force while continuing to provide its students an excellent education. As a result of the fluctuating economy, the school division continues to be extremely cautious with spending in its determination not to compromise academics or personnel.

As the school division moved forward with internalizing the teaching of 21st century skills, staff also worked to continue narrowing gaps in achievement across the school division. Students performed well on high stakes tests, as is reflected in 98 percent of the

school division's schools earning full accreditation via annual state-mandated Standards of Learning (SOL) tests.

The Department of Curriculum and Instruction maintains its commitment to program development and increasing academic opportunities for all students. Data indicated continued success in increasing student access to AP courses and SAT and ACT testing. This is underscored by a remarkable record of student success in Technical and Career Education (TCE) workplace readiness skills and industry certifications. For the 2011-12 school year, VBCPS offered 99 separate industry credentialing assessments, and had 2,173 students pass the Career and Technical Education Consortium of States assessments. VBCPS is a leader in the Commonwealth in this regard.

The school division's gifted and academy/advanced academic programs remain extremely popular with students and parents. These unique schools-within-schools provide expanded academic opportunities for students across the school division. Five high schools, one middle school, and two elementary schools are designated themed academies while two programs, the International Baccalaureate Program at Princess Anne High School and the Mathematics and Science Academy at Ocean Lakes High School, are advanced academic programs featuring extended learning opportunities. Two schools dedicated to gifted students – Old Donation Center and Kemps Landing Magnet Center, for elementary and middle school students respectively – serve students designated "gifted." This year, the School Board approved an administrative recommendation to combine both programs into one building. The new building is currently under construction. Additionally, each school has a gifted program in-house through which gifted students are served via gifted resource teachers. VBCPS continues to enjoy a local, regional, state, and national reputation for excellence in gifted education.

In keeping with its commitment to continuous improvement, the school division redesigned its professional development strategies. In 2010, the division launched The Center for Teacher Leadership, and focused on creating high quality professional learning for teachers by teachers. This year, the center has launched the Professional Learning Program, a revamp of the Professional Development Program, which increases teachers' capacity through new, more relevant opportunities, including college courses, professional conferences, and pursuing National Board Certification. Over the summer of 2012, 92 teachers logged more than 1,364 hours of professional development.

This year, the Virginia Department of Education (VDOE) created new guidelines for the evaluation of teachers. However, prior to those guidelines being released, VBCPS had already been working on creating a new evaluation system. In the summer of 2012, VBCPS unveiled its new evaluation system, which went beyond the measures VDOE created. The school division's new evaluation system is a three-year cycle and encourages collaboration among teachers and evaluating administrators. Each year, teachers and administrators will identify student growth goals as well as the preparation and learning opportunities necessary to meet those goals. Then, each semester, teachers will take part in one of a dozen different Formative Options (student and parent surveys, peer observations, participation in professional learning communities, and similar activities) and complete an online reflection form based on their experience with the activity. Administrators will use these

reflection forms as well as three to four mini classroom observations each year to give the teachers feedback. They also have the option to conduct longer, more formal observations at any time. This process will continue for the second and third year in the evaluation cycle, and will conclude with a summative evaluation and conference to discuss the growth seen over the past three years.

Communication with its various stakeholders is of primary importance to the school division. The School Board places a high priority on its staff and community communication initiative. School Board members regularly visit schools and speak before community and school-based organizations and groups. Another key element in its successful communications efforts is Parent Portal, which allows parents access to their child's school record including grades and attendance as well as standardized achievement data (SOL, AP, PSAT, SAT, SAT Subject, SELP, and Stanford 10), student achievement profiles, discipline records, and historical student information. Using this technology, teachers and administrators also have access to curriculum guides and instructional resources as well as a state-of-the-art assessment (for local assessments) and reporting system.

Additionally, the school division has a print publication, *Apple-A-Day*, which is sent to more than 50,000 homes four to six times throughout the year, an active Twitter page and YouTube account as well as a staff e-newsletter, *Kaleidoscope*, which was redesigned in summer of 2012 to a blog format. An *AlertNow* rapid communications system and *My School Mail* continue to be vital electronic communication vehicles for schools to communicate with their own school communities and with parents.

Recognizing that superior school facilities contribute to improved student learning, the school division recorded progress on several important projects. These are:

- *Great Neck Middle School:* Groundbreaking for this new 223,000 square foot three-story-facility took place in October 2009. The new Great Neck Middle was constructed to the rear of the existing site, requiring demolition of the old Cox High football stadium. Staff and students occupied the building in January 2012.
- *Kellam High School Replacement:* Groundbreaking for this new 336,000 square foot facility took place on Sept. 30, 2011. The new Kellam High School is being constructed on a 108-acre site acquired by the School Board in the summer of 2010. It is located on West Neck Road just south of North Landing Road. Site preparation for this \$102 million project started in the spring of 2011, and substantial completion of the project is scheduled for late 2013. Staff and students are slated to occupy the new school in the spring of 2014. The Kellam High School Replacement project is designed around a LEED Gold certification.

All modernization/replacement projects programmed by VBCPS are developed in accordance with the school division's *Comprehensive Long Range Facility Master Plan*, a guiding document that was developed in 2007 in concert with the entire community. All construction projects are designed/constructed to achieve at minimum a LEED Silver Certification. The LEED rating system was established by the US Green Building Council

and recognizes achievements and promotes expertise in sustainable building practices through a comprehensive system offering project certification, professional accreditation, training, and practical resources. LEED provides a complete framework for assessing building performance and meeting sustainable goals. Based on well-founded scientific standards, LEED emphasizes state of the art strategies for sustainable site development, water savings, energy efficiency, materials selection, and indoor air quality.

Since receiving the Governor's Environmental Excellence Award in 2008, VBCPS has received a total of 26 awards for achievements in environmental sustainability. VBCPS has earned a platinum certification from the Virginia School Board Association's Green School Challenge, and was a sponsor of this year's Hampton Roads Sustainable Living Expo. The expo featured more than 120 exhibitors promoting sustainable living, and brought in thousands of attendees. Because of these efforts, VBCPS is recognized as a leader in sustainability for K-12 education.

School/community engagement and outreach are major ongoing school division initiatives. The Department of Media and Communications Development's Office of Community Engagement (MCD) continues to spearhead the effort using an extremely successful initiative – Parent Connection – as a clearing house for parents to learn about VBCPS and the school and community resources available to them. Additionally, MCD coordinates the highly successful Partners-in-Education program, which is an award-winning initiative with 1,400 business/military partners providing services and assistance to schools, students, and staff. In addition, more than 24,000 volunteers donated more than 433,000 hours of service to VBCPS, at an estimated value of more than \$9 million. The Virginia Beach Education Foundation also contributed \$100,000 to fund teacher and school-wide grants for programs to enhance student learning.

Once again, the VBCPS is well represented on the *Washington Post*'s annual list of top public high schools in the country. Ten of VBCPS' high schools rank among the top 9% in the country.

Each year, VBCPS makes strides to push students, teachers, and community leaders and to keep the school division "Ahead of the Curve."

FINANCIAL INFORMATION

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School Board are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The School Board maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Activities of the General Fund and Special Revenue funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the category level (i.e., Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Technology) for the General Fund and the fund level for the Special Revenue funds. In addition, certain controls are exercised administratively on the General Fund (e.g., budget units, personnel positions, capital outlay, and certain line-items; and the appropriations related thereto). A budget unit is an activity (e.g., Elementary Classroom, Gifted Education and Academy Programs) of a category (e.g., Instruction). In addition, certain controls are exercised on the Special Revenue funds (e.g., federal and state grants, and the appropriations related thereto). The School Board also maintains an encumbrance accounting system as one method of maintaining budgetary control. Outstanding encumbrances of certain governmental funds at the end of the fiscal year are reappropriated as part of the following fiscal year's operating budget.

The School Board has adopted budgets for the following funds: General, Grants, Cafeterias, Textbooks, Communication Towers/Technology, Vending Operations, and Equipment Replacement Funds. As demonstrated by the statements and schedules included in the financial section of this report, the School Board continues to meet its responsibility for sound financial management.

The local government provides an appropriation for education in excess of the Commonwealth of Virginia Standards of Quality (SOQ) payments, and determines the level of total education support by means of a Revenue Sharing Formula. This formula provides 51.3% of seven designated City General Fund tax revenue streams. These seven revenue streams are the Real Estate Tax, General Sales Tax, Personal Property Tax, Business License Tax, Utility Tax, Cellular Phone Tax, and Cable Franchise Fees. The amount derived from the application of this formula is allocated to Debt Service, "Pay As You Go" Capital Improvements, and the Operating Budget. Debt Service, which is managed and controlled by the City, receives the first allocation of funds; "Pay As You Go" Capital Improvements, which are projects which can reasonably be expected to be completed within one year receives the next allocation; and the balance of the funds are allocated as operating budget support.

During the Fiscal Year 2012 budget process, the City Council adopted an ordinance that required the School Board to transfer, by June 30, 2011, \$14.5 million from the School Board's Risk Management Internal Service Fund to the City's General Fund. In addition, the revenue sharing formula allocation amount was reduced by \$9.3 million, which effectively reduced the revenue sharing formula to approximately 50% for Fiscal Year 2012. This ordinance adopted by City Council required the School Board to transfer on July 1, 2011 \$5.5 million from the School Board's Risk Management Internal Service Fund and \$3.8 million from the Instructional Technology Special Revenue Fund (combined with the School Board's General Fund for reporting purposes) to the School Board's General Fund. The aforementioned City Council mandated transfers were appropriated to balance the City and School Board's respective Fiscal Year 2012 Operating Budget.

During the Fiscal Year 2013 budget process, the City Council eliminated the above Revenue Sharing Formula. The School Board requested and City Council approved a Real Estate Tax increase to balance the City and School Board's operating budgets for Fiscal Year 2013. A new Revenue Sharing Formula is currently under consideration between the City Council and School Board for the Fiscal Year 2014 budget process.

Long-term financial planning includes a five-year forecast submission to the City, evaluating the budget impact of post-employment benefits, evaluating the risk management program in light of the aforementioned transfers nearly depleting the Risk Management Internal Service Fund's Net Assets balance, and assessing the fiscal impact of the capital improvement program on the school division's operations.

INDEPENDENT AUDIT

An independent audit of the School Board's finances is required each fiscal year by either the Virginia Auditor of Public Accounts or a firm of independent Certified Public Accountants. Accordingly, the records have been audited by Cherry, Bekaert & Holland, L.L.P. and its report on the financial statements is included herein.

FINANCIAL REPORTING CERTIFICATE AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School Board for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a governmental entity financial report. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A GFOA Certificate is the highest form of recognition awarded in the field of governmental financial reporting and is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine the School Board's eligibility for another certificate award.

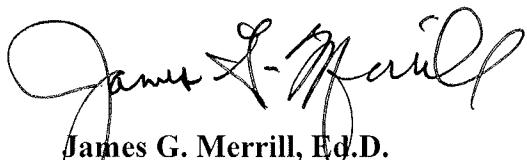
In addition, the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School Board for its CAFR for the fiscal year ended June 30, 2011. ASBO sponsors this Certificate of Excellence in Financial Reporting program to foster excellence in the preparation and issuance of school system annual financial reports. This prestigious international certificate award is the highest form of recognition in school financial reporting and is valid for a period of one year only. We believe that our current CAFR conforms also to the ASBO Certificate of Excellence program requirements, and we are submitting it to the ASBO to determine the School Board's eligibility for another certificate award.

ACKNOWLEDGMENTS

Preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Office of Business Services. During the year, they rendered professional and knowledgeable financial services to and on behalf of the school division, and maintained the financial records on a current and timely basis. We are most appreciative of these efforts and take this opportunity to recognize these outstanding public servants and their dedication, work ethics, and integrity.

In addition, appreciation and recognition is given for the strong conservative policies and practices dictated by the School Board in the oversight of the financial affairs of the school division, which have achieved the results contained in this financial report. The School Board and the administration are commended for its continuing support that is vital to the financial health of the school division and demonstration of the commitment to financial accountability and stewardship.

Respectfully Submitted,



James G. Merrill, Ed.D.
Superintendent



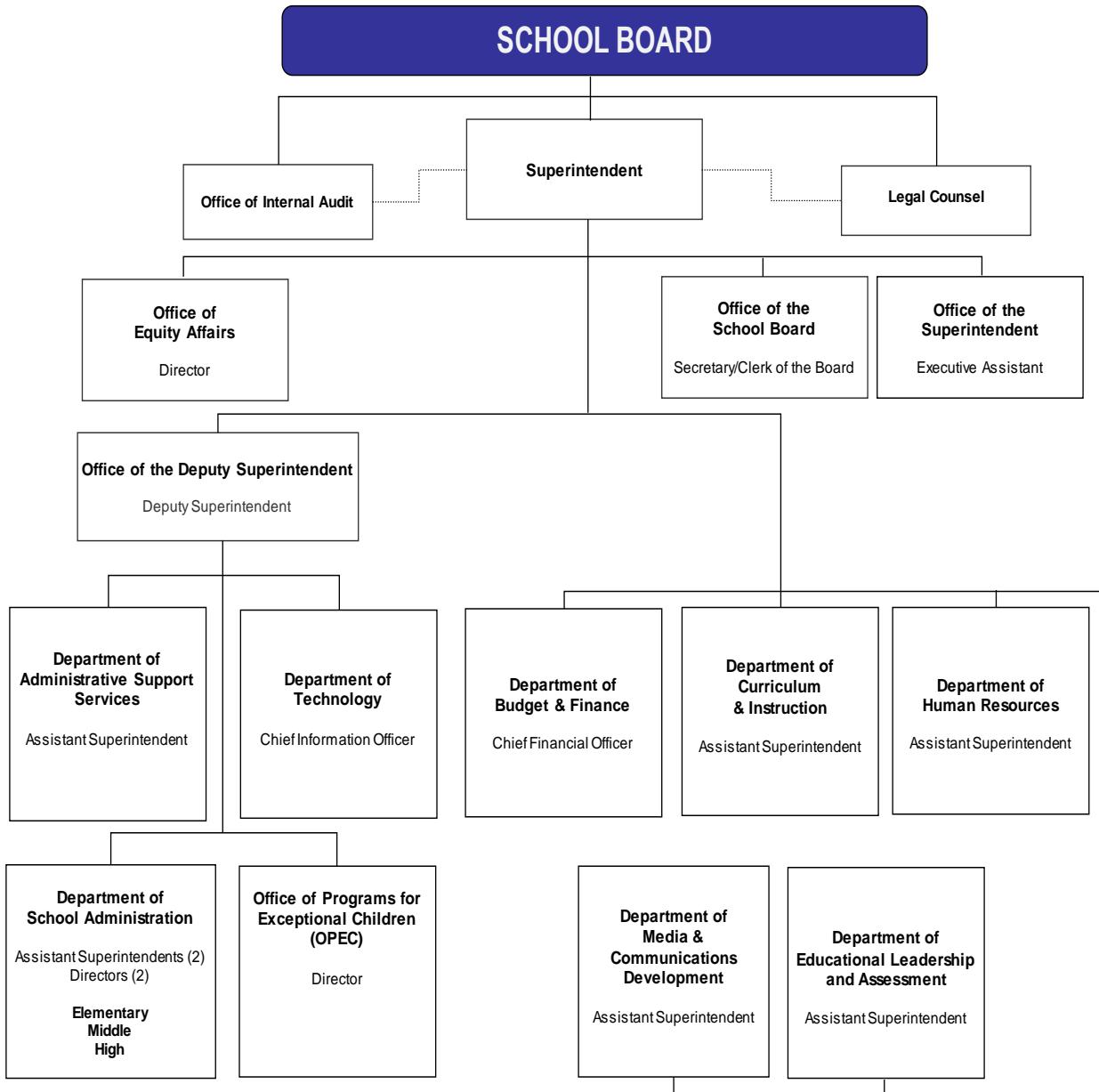
Farrell E. Hanzaker, MBA
Chief Financial Officer



A. S. "Sammy" Cohen, MPA, CPA
Director of Business Services

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA

Organizational Chart
(June 30, 2012)



**SCHOOL BOARD
OF THE
CITY OF VIRGINIA BEACH, VIRGINIA**

(June 30, 2012)



DANIEL D. "DAN" EDWARDS
CHAIRMAN
DISTRICT 1 – CENTREVILLE



William J. "Bill" Brunke, IV
VICE CHAIRMAN
DISTRICT 7 – PRINCESS ANNE



Todd C. Davidson
At-Large



Emma L. "Em" Davis
District 5 – Lynnhaven



Dorothy M. Holtz
At-Large



Brent N. McKenzie
District 3 – Rose Hall



Ashley K. McLeod
At-Large



Sam G. Reid
District 6 – Beach



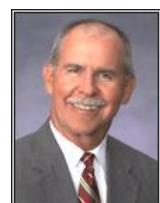
Patrick S. Salyer
District 2 – Kempsville



D. Scott Seery
At-Large



Carolyn D. Weems
At-Large



Dr. James G. Merrill
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

School Board of the City
of Virginia Beach, Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson
President
Jeffrey L. Eiser
Executive Director



This Certificate of Excellence in
Financial Reporting

is presented to

School Board of the
City of Virginia Beach

For its Comprehensive Annual
Financial Report
(CAFR)
For the Fiscal Year Ended

June 30, 2011



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FINANCIAL SECTION



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Report of Independent Auditors on Financial Statements And Supplementary Schedules

The Members of the School Board
City of Virginia Beach, Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School Board of the City of Virginia Beach, Virginia ("School Board"), a component unit of the City of Virginia Beach, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2012, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information with consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise School Board's financial statements as a whole. The introductory section, other supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Cherry, Bekant & Holland, L.L.P.

Virginia Beach, Virginia
November 29, 2012

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Management's discussion and analysis (MD&A) provides a narrative overview and analysis of the financial activities of the School Board of the City of Virginia Beach, Virginia (the School Board) for the fiscal year ended June 30, 2012. The MD&A should be read in conjunction with the information contained in the transmittal letter, which begins on page I, and the financial statements and notes, which immediately follow the MD&A.

FINANCIAL HIGHLIGHTS

On a government-wide basis for governmental activities, the assets of the School Board exceeded its liabilities by \$538,910,107 (net assets) at June 30, 2012. Of this amount, \$484,947,961 is invested in capital assets, \$28,037,918 is restricted for capital projects, grants, cafeterias, and textbooks, and \$25,924,228 is unrestricted for future use in certain governmental activities.

On a government-wide basis for governmental activities, the School Board's revenues of \$806,278,296 were less than expenses of \$841,467,793 by \$35,189,497.

The School Board's Governmental funds reported total fund balances of \$54,650,673 at June 30, 2012. Of this amount, \$1,330,564 is nonspendable (i.e., inventories and prepaid items), \$28,037,918 is restricted (e.g., federal and state grantor agencies, capital projects bond proceeds from local government), \$9,055,815 is committed (e.g., capital projects contracts), and \$16,226,376 is assigned (e.g., instructional technology, equipment replacement, operations and maintenance).

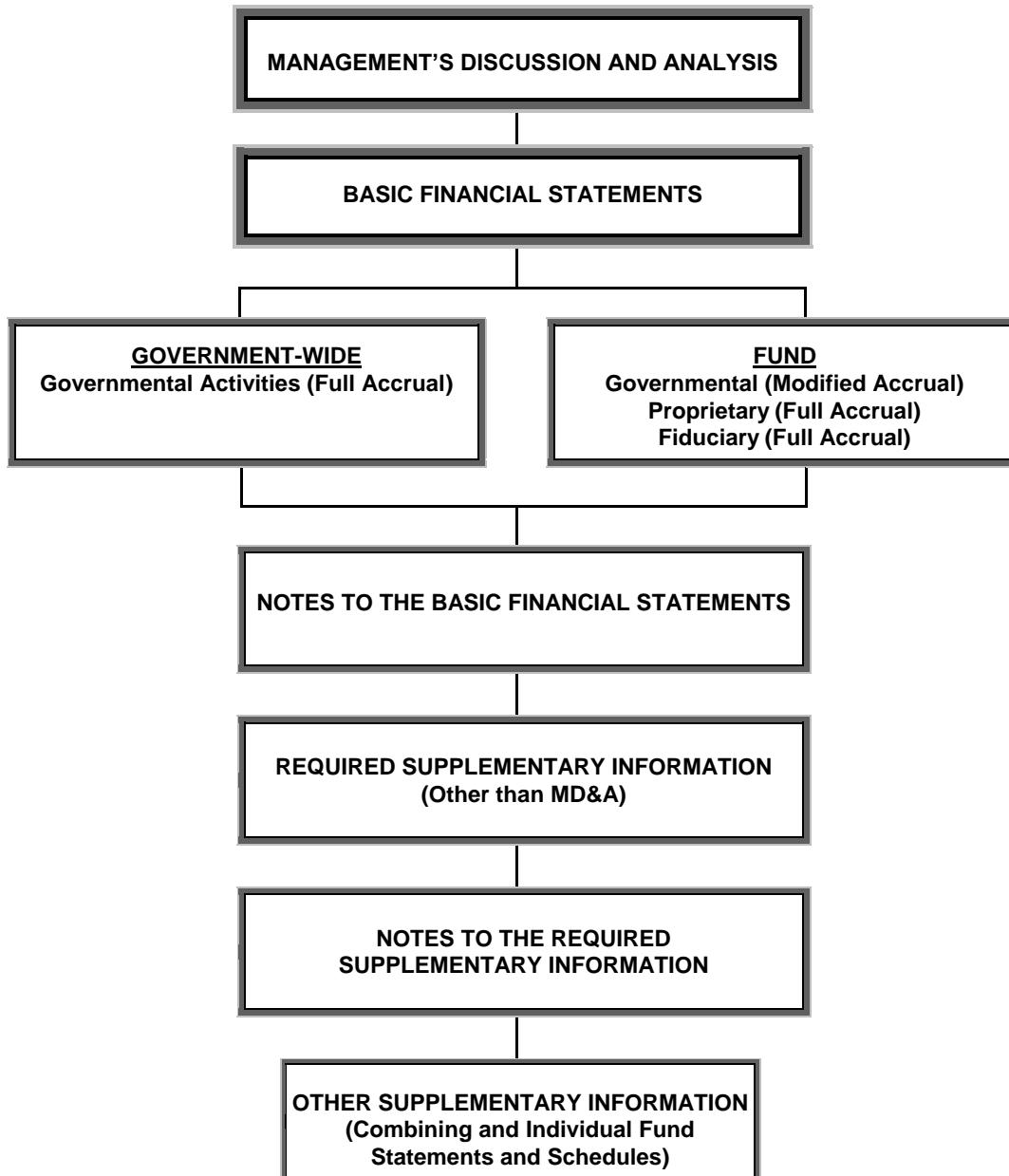
In the General Fund, the School Board returned unexpended appropriations for the Fiscal Year 2011-12 to the City of Virginia Beach (City) in the amount of \$15,954,726, as required by the Code of Virginia, as amended.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A serves as an introduction to the School Board's basic financial statements. The School Board's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

This Comprehensive Annual Financial Report (CAFR) consists of four sections, as follows: Introductory, Financial, Statistical, and Compliance. The following presents the components of the Financial Section of the CAFR.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012



(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to present a broad overview of the School Board's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the School Board's assets and liabilities, with the difference between the two reported as net assets. Increases and decreases in net assets over time may serve as a useful indicator of whether the financial position of the School Board is improving or deteriorating.

The Statement of Activities presents information showing how the School Board's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave, claims and judgments).

The government-wide financial statements distinguish functions related to governmental activities (principally supported by taxes and intergovernmental revenues) and business-type activities (intended to recover all or a significant portion of costs through user fees and charges). The School Board reports only governmental activities, since it has no business-type activities.

Both of the government-wide financial statements (Statement of Net Assets and Statement of Activities) present governmental activities of the School Board. These governmental activities are principally supported by the City, State sales tax, and intergovernmental revenues. The reported governmental activities of the School Board are Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Cafeterias; Technology; and Debt Service.

The government-wide financial statements are presented in Exhibits A-1 and A-2 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments and public school divisions, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School Board can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same activities reported as governmental activities in the government-wide financial statements. However, unlike the

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By conducting this comparison, a better understanding may be achieved in the long-term impact of the School Board's near-term financing decisions. Both the Governmental Funds Balance Sheet (Exhibit A-3) and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit A-4) provide a reconciliation for each statement to facilitate this comparison between governmental funds and governmental activities.

The School Board maintains eight individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet (Exhibit A-3) and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit A-4) for the General, School Grants, School Textbooks, and Capital Projects Funds, which are considered to be major funds. Data from the other four governmental funds, which are considered nonmajor funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is presented in the form of combining statements in Statements C-1 and C-2 of this report.

The School Board adopts an annual appropriated budget for all of its major and nonmajor governmental funds, except the Capital Projects Fund (appropriations for capital projects do not parallel the School Board's fiscal year). Budgetary comparison schedules have been provided for the General, School Grants, and School Textbooks Funds in the Required Supplementary Information section of this report (Schedules B-1 through B-3) to demonstrate compliance with this budget. Individual fund budgetary comparison schedules for each nonmajor fund are presented in Schedules C-3 through C-6 of this report to also demonstrate compliance with this budget.

As noted above, the basic governmental fund financial statements are presented in Exhibits A-3 and A-4 of this report.

Proprietary Funds

The School Board maintains one type of Proprietary fund, which is the Internal Service Fund type. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the School Board's various activities and the City. The School Board uses Internal Service funds to account for its Risk Management and Health Insurance programs.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Because both of these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Both Internal Service funds are combined into a single, aggregated presentation in the proprietary fund financial statements (Exhibits A-5 through A-7). Individual fund data for the Internal Service funds is presented in the form of combining statements in Statements D-1 through D-3 of this report.

As noted above, the basic proprietary fund financial statements are presented in Exhibits A-5 through A-7 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the School Board's programs.

The School Board's Fiduciary funds are Agency funds. Agency funds are used to account for assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities). The Agency funds of the School Board are the Payroll Deductions, Fringe Benefits, and School Activity Accounts Funds and are presented in Schedule E-1 of this report.

The basic fiduciary fund financial statement is presented in Exhibit A-8 of this report.

**Notes to the Basic Financial Statements
and the Required Supplementary Information**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and the required supplementary information.

The Notes to the Basic Financial Statements begin after Exhibit A-8 and the Notes to the Required Supplementary Information begin after Schedule B-3 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's progress in funding the retirement benefits for its nonprofessional employees through the Virginia Retirement

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

System (VRS), and retirement health benefits for its professional and nonprofessional employees through the Virginia Pooled Other Postemployment Benefits (OPEB) Trust Fund.

Required supplementary information on these retirement benefits begin after the Notes to the Basic Financial Statements.

As noted above, the combining statements for the Nonmajor Governmental funds are presented in Statements C-1 and C-2; the combining statements for the Internal Service funds are presented in Statements D-1 through D-3; and the combining statement for the Agency funds is presented in Schedule E-1 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET ASSETS

The assets of the School Board exceeded its liabilities by \$538,910,107 (net assets) at June 30, 2012, as illustrated in the Summary of Net Assets (with comparative amounts at June 30, 2011), as follows:

Summary of Net Assets		
	2012	2011
Current Assets	\$ 174,412,996	\$ 245,945,755
Capital Assets	484,947,961	449,745,865
Total Assets	\$ 659,360,957	\$ 695,691,620
Current Liabilities	\$ 106,279,583	\$ 107,311,612
Noncurrent Liabilities	14,171,267	14,280,404
Total Liabilities	\$ 120,450,850	\$ 121,592,016
Net Assets:		
Invested in Capital Assets	\$ 484,947,961	\$ 449,745,865
Restricted for:		
Capital Projects	5,465,425	20,622,399
Grants	1,205,050	903,582
Cafeterias	3,402,900	2,702,932
Textbooks	17,964,543	22,042,950
Unrestricted	25,924,228	78,081,876
Total Net Assets	\$ 538,910,107	\$ 574,099,604

The largest portion of the School Board's net assets (90%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles). The School Board uses these assets (e.g., schools, buses) for elementary and secondary educational purposes; consequently, these assets are not available for future spending.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

An additional portion of the School Board's net assets (5%) represents resources that are subject to external restrictions on their use. The remaining balance of net assets (5%) is unrestricted for future use in certain governmental activities.

CHANGES IN NET ASSETS

The School Board's revenues of \$806,278,296 were less than expenses of \$841,467,793 by \$35,189,497 during Fiscal Year 2012, as illustrated in the Changes in Net Assets (with comparative amounts for the year ended June 30, 2011), as follows:

Changes in Net Assets		
	2012	2011
Revenues		
Program Revenues:		
Charges for Services	\$ 16,764,908	\$ 17,267,397
Operating Grants	150,105,153	138,545,930
Capital Grants	1,812,470	9,710,467
General Revenues:		
Local Government	387,531,252	371,517,109
State Basic Aid (including Federal ARRA/SFSF)	165,011,640	166,871,031
State Sales Tax	72,266,667	70,058,126
Federal Impact Aid	11,630,646	13,987,750
Interest Earnings	208,950	488,078
Miscellaneous	946,610	964,435
Total Revenues	<u>\$ 806,278,296</u>	<u>\$ 789,410,323</u>
Expenses		
Instruction	\$ 573,843,860	\$ 567,568,792
Admin, Attendance, & Health	19,526,549	18,401,916
Pupil Transportation	34,922,875	36,105,660
Operations and Maintenance	93,706,524	93,664,818
Cafeterias	27,294,432	26,113,779
Technology	47,835,843	44,830,758
Debt Service	44,337,710	-
Total Expenses	<u>\$ 841,467,793</u>	<u>\$ 786,685,723</u>
Change in Net Assets	<u>\$ (35,189,497)</u>	<u>\$ 2,724,600</u>
Net Assets – July 1	<u>\$ 574,099,604</u>	<u>\$ 571,375,004</u>
Net Assets – June 30	<u>\$ 538,910,107</u>	<u>\$ 574,099,604</u>

The Operating Grants revenue source increased by \$11,559,223 (8.3%) mainly due to the Federal ARRA Education Jobs grant. Capital Grants revenue source decreased by \$7,897,997 (81.3%) mainly due to a decrease in State Lottery and Construction Grant proceeds. The Local Government revenue source increased by \$16,014,143 (4.3%) mainly due to additional funding

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

for debt service, as the School Board is required to account for all of the debt service payments on debt incurred by the City "on behalf of" the School Board. The State Sales Tax revenue source increased by \$2,208,541 (3.2%) due to an increase in consumer spending in the Commonwealth of Virginia.

The Technology expenses increased by \$3,005,085 (6.7%) due to the School Board's concerted efforts in promoting the integration of technology in the K-12 curriculum as required by the Virginia Standards of Learning.

Governmental Activities

The following illustration presents the cost of the governmental activities: Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Cafeterias; Technology; and Debt Service during Fiscal Years 2012 and 2011. The illustration also shows each activity's net cost (total cost less charges for services, operating grants, and capital grants). The net cost shows the financial impact that is placed on the School Board's general revenue sources (local government, federal and state aid, interest earnings, and other nonspecific revenue sources).

Total and Net Cost of Governmental Activities				
	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Expenses				
Instruction	\$ 573,843,860	\$ 438,558,620	\$ 567,568,792	\$ 425,370,929
Admin, Attendance, & Health	19,526,549	19,526,549	18,401,916	18,401,916
Pupil Transportation	34,922,875	34,922,875	36,105,660	36,105,660
Operations and Maintenance	93,706,524	93,374,267	93,664,818	93,296,910
Cafeterias	27,294,432	144,579	26,113,779	(844,119)
Technology	47,835,843	42,425,024	44,830,758	41,302,363
Debt Service	44,337,710	43,833,348	-	-
Total Expenses	\$ 841,467,793	\$ 672,785,262	\$ 786,685,723	\$ 613,633,659

FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS

As noted earlier, the School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the School Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

the School Board's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the School Board's net resources available for spending at the end of the fiscal year.

As of June 30, 2012, the School Board's governmental funds reported combined fund balances of \$54,650,673, a decrease of \$53,191,044 in comparison with the prior fiscal year. Of the total amount of the combined fund balances, 2.4% or \$1,330,564 is nonspendable (i.e., inventories and prepaid items), 51.3% or \$28,037,918 is restricted (e.g., federal and state grantor agencies, capital projects bond proceeds from local government), 16.6% or \$9,055,815 is committed (e.g., capital projects contracts), and 29.7% or \$16,226,376 is assigned (e.g., instructional technology, equipment replacement, operations and maintenance).

General Fund

The General Fund is the general operating fund of the School Board that is used to account for all of the financial resources, except those required to be accounted for in another fund. At June 30, 2012, the fund balance of the General Fund was \$11,984,171. \$357,968 is nonspendable (i.e., prepaid items) and \$11,626,203 is assigned (e.g., instructional technology, school athletics, operations and maintenance).

General Fund Budget Amendment

<u>Amount</u>	<u>Purpose</u>
\$ (427,610)	There were no supplemental budget amendments, other than for encumbrances, during fiscal year 2012; however, there was a budget amendment between the General Fund and Grants Fund to provide a local match for the Community Oriented Policing Services – Secure Our Schools federal grant. This amendment did not affect the overall revenue from the local government.

General Fund Original Budget to Final Budget Difference Reconciliation

General Fund:

\$ 21,336,007 – FY 2011 Outstanding Encumbrances Appropriated

(427,610) – Budget Amendment (See above)

\$ 20,908,397 – Original Budget to Final Budget Difference (including the Other Financing Uses budget)

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

General Fund Final Budget to Actual Expenditures Variance Reconciliation

Instruction Category:

\$ 959,047 – Outstanding Encumbrances as of June 30, 2012
16,065,667 – Remaining Available Balance (3.2% of the category budget less transfers)
\$ 17,024,714 – Final Budget to Actual Expenditures Variance

The remaining available balance, which is not expected to affect future services, was mainly in the Elementary Classroom (personnel services, fringe benefits, materials and supplies, capital outlay); Technical and Career Education (e.g., personnel services, fringe benefits, capital outlay); Gifted Education and Academy Programs (e.g., personnel services, fringe benefits, purchased services, materials and supplies, capital outlay); Special Education (personnel services, fringe benefits, purchased services, materials and supplies); Alternative Education-Renaissance (e.g., personnel services, fringe benefits, materials and supplies); Office of the Principal-Elementary (personnel services, fringe benefits, purchased services, other charges); Guidance Services (personnel services, fringe benefits); Middle School Classroom (personnel services, fringe benefits, materials and supplies, capital outlay) budget units.

Administration, Attendance and Health Category:

\$ 29,118 – Outstanding Encumbrances as of June 30, 2012
1,726,397 – Remaining Available Balance (8.3% of the category budget less transfers)
\$ 1,755,515 – Final Budget to Actual Expenditures Variance

The remaining available balance, which is not expected to affect future services, was mainly in the Board, Legal, and Governmental Services (purchased services); Budget and Finance (e.g., personnel services, purchased services); Human Resources (personnel services, fringe benefits, purchased services); and Center for Teacher Leadership (personnel services, fringe benefits, purchased services, materials and supplies) budget units.

Pupil Transportation Category:

\$ 1,241,004 – Outstanding Encumbrances as of June 30, 2012
146,717 – Remaining Available Balance (.5% of the category budget less transfers)
\$ 1,387,721 – Final Budget to Actual Expenditures Variance

The remaining available balance, which is not expected to affect future services, was mainly in the Vehicle Operation (capital outlay) budget unit.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Operations and Maintenance Category:

\$ 4,768,945 – Outstanding Encumbrances as of June 30, 2012
4,129 – Remaining Available Balance (.004% of the category budget less transfers)
\$ 4,773,074 – Final Budget to Actual Expenditures Variance

The remaining available balance, which is not expected to affect future services, was mainly in the School Plant (personnel services) budget unit.

Technology Category:

\$ 4,311,172 – Outstanding Encumbrances as of June 30, 2012
3,072,663 – Remaining Available Balance (6.6% of the category budget less transfers)
\$ 7,383,835 – Final Budget to Actual Expenditures Variance

The remaining available balance, which is not expected to affect future services, was mainly under Instruction (Instructional Technology (Materials and Supplies) budget unit).

Debt Service:

\$ 474,373 – Final Budget to Actual Expenditures Variance

The remaining available balance (1.1% of the category budget) is mainly due to the amount, true interest cost (TIC), and timing of City issued debt “on behalf of” the School Board.

Transfers:

\$ 24,470 – Final Budget to Actual Expenditures Variance

Transfers are budgeted in the Instructional and Technology Categories and presented separately as required for reporting purposes. The variance (.8% of the category budget) is mainly due to adjustments to the local match requirements of federal and state grants budgeted in the Grants Special Revenue Fund.

Special Revenue Funds

The Special Revenue funds are used to account for the proceeds of specific revenue sources (other than capital projects), which are legally restricted or committed to be expended for specified purposes. These funds are used to finance designated programs and are generally not available for other purposes. The School Board’s Special Revenue funds are as follows:

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Major Funds:

School Grants – accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

School Textbooks – accounts for the financing (e.g., Commonwealth of Virginia) and acquisitions of textbooks and related materials used in the school division.

Nonmajor Funds:

School Cafeterias – accounts for the revenues (e.g., Commonwealth of Virginia, Federal Government) and expenditures associated with the food services operations of the school division.

School Communication Towers/Technology – accounts for the rent receipts (long-term contracts with telecommunication companies) relating to the communication towers constructed on School Board property and technology related expenditures.

School Vending Operations – accounts for receipts (long-term exclusive contract with a vending company) relating to the bottled drinks vending operations of the school division and expenditures (including school-level allocations).

School Equipment Replacement – accounts for the financing (e.g., local government) and acquisition of various replacement equipment.

School Grants Fund: During Fiscal Year 2012, revenues and other financing sources totaled \$67,627,645 and expenditures totaled \$67,326,177. This resulted in an increase in the fund balance of \$301,468. The remaining fund balance will be used for the required local match of Commonwealth of Virginia approved FY 2012 grant proceeds to be disbursed in FY 2013.

School Textbooks Fund: During Fiscal Year 2012, revenues and other financing sources totaled \$1,798,399 and expenditures totaled \$5,876,806. This resulted in a decrease in the fund balance of \$4,078,407. The remaining fund balance will be used for future textbook adoptions.

Nonmajor Special Revenue Funds: During Fiscal Year 2012, revenues and other financing sources totaled \$27,785,661 and expenditures totaled \$27,076,898. This resulted in a combined increase in the fund balances of all nonmajor Special Revenue funds of \$708,763. The main portion of the increase in the combined fund balance was in the School Cafeterias Special Revenue Fund. The remaining fund balances of these nonmajor Special Revenue funds will be used in the future for operating budget funding source, equipment replacements, cafeteria equipment, and other appropriate needs.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Proprietary Funds – Internal Service Funds

The Internal Service funds are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the governmental unit (and to other governmental units), on a cost-reimbursement basis. The School Board operates Internal Service funds for the school division's Risk Management and Self-Insured Health Care Benefits programs.

During Fiscal Year 2012, total revenues including nonoperating revenues amounted to \$113,515,083. Expenses including Nonoperating expenses totaled \$130,980,543. This resulted in a decrease in net assets of \$17,465,460 (which is net of a City Council mandated transfer of \$5,500,000 to the School Board's General Fund explained below).

During the Fiscal Year 2012 budget process, the City Council adopted an ordinance that required the School Board to transfer by June 30, 2011 \$14,500,000 from the School Board's Risk Management Internal Service Fund to the City's General Fund. Furthermore, this ordinance adopted by City Council required the School Board to transfer on July 1, 2011 an additional \$5,500,000 from the School Board's Risk Management Internal Service Fund to the School Board's General Fund. The aforementioned City Council mandated transfers were appropriated to balance the City's and School Board's respective Fiscal Year 2012 operating budget.

Capital Projects Fund (Major Fund)

Proceeds from public improvement charter bond issues, State Literary Fund Loans, Virginia Public School Authority financing, local funding sources, and construction grants (including lottery proceeds) from the Commonwealth of Virginia are accounted for in the Capital Projects Fund until improvement projects are completed. When capital projects are completed, the costs of the improvements (meeting the capitalization threshold) are transferred from construction in progress to the appropriate capital asset account.

The City provides the aforementioned sources of revenues (classified as From Local Government in the financial statements, except interest earnings and Commonwealth of Virginia revenues). Expenditures for the Capital Projects Fund (a partial list of various capital projects is presented below) during the fiscal year totaled \$66,463,276.

(continued)

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Great Neck Middle School Replacement
College Park Elementary School Replacement
Renovations/Replacements-HVAC Systems
Renovations/Replacements-Reroofing
Renovations/Replacements-Grounds

Renovations/Replacements-Various
Kellam High School Replacement
Energy Performance Contracts
Instructional Technology

During Fiscal Year 2012, revenues including other financing sources totaled \$36,874,641 and expenditures totaled \$66,463,276. This resulted in a decrease in the fund balance of \$29,588,635. The remaining fund balance will be used to complete capital projects as appropriated in the Capital Improvement Program.

CAPITAL ASSETS

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a “tenancy in common” with the School Board whenever the City incurs “on-behalf of” debt for any school property which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property equal to the total outstanding principal balance of the applicable “on-behalf of” debt at June 30, 2012. The below illustration reflects capital assets remaining with the School Board (net of those that have been transferred between the School Board and the City as the outstanding principal balance changes).

The School Board’s investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$484,947,961 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and vehicles. The total increase in the School Board’s investment in capital assets for the current fiscal year was 7.8%, as follows:

Capital Assets (net of accumulated depreciation) As of June 30, 2012 and 2011			
	2012	2011	Percentage Change
Land	\$ 39,672,374	\$ 31,115,889	27.5%
Construction in Progress	45,644,455	68,407,664	(33.3)%
Buildings and Improvements	355,752,378	302,007,864	17.8%
Equipment and Vehicles	43,878,754	48,214,448	9.0%
Total Capital Assets (net)	\$ 484,947,961	\$ 449,745,865	7.8%

Additional information on the School Board’s capital assets is presented in Note 4 of this report.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

ECONOMIC FACTORS

The unemployment rate for Virginia Beach and the region has been below the U.S. rate for the past twenty years. Virginia Beach is 2.2% under the national rate, with an average of 5.4% as of September 2012.

In 2010, Virginia Beach had a per capita personal income of \$44,857, which was 1% greater than the per capita income for the state at \$44,267, and 12% greater than the nation's at \$39,937 (U.S. Bureau of Economic Analysis). The most recent data (2011) indicates that Virginia Beach median household income increased .6% to \$64,618 from 2010, and is greater than the national median household income by 24.5%.

Factors Influencing Future Budgets

- Employer contributions for employee health insurance and postemployment benefits
- Inadequate state and federal aid and unfunded mandates
- Providing competitive salaries and pay raises
- Continuing to fund various magnet schools and academies
- National and international economic conditions

REQUESTS FOR INFORMATION

This Comprehensive Annual Financial Report is designed to provide a general overview of the School Board's finances and to demonstrate the School Board's commitment to financial accountability and stewardship. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Business Services, Virginia Beach City Public Schools, 2512 George Mason Drive, P.O. Box 6038, Virginia Beach, Virginia 23456-0038.



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BASIC FINANCIAL STATEMENTS

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

Governmental Activities	
ASSETS	
Current Assets:	
Cash and Investments (Notes 1J1 and 6)	\$ 147,763,783
Accounts Receivable	635,995
Due from Commonwealth (Note 2A)	10,287,746
Due from Federal Government (Note 2B)	13,959,074
Inventories (Note 1F)	968,251
Prepaid Items (Note 1J5)	798,147
Total Current Assets	<u>\$ 174,412,996</u>
Noncurrent Assets:	
Capital Assets (Note 4):	
Land	\$ 39,672,374
Buildings, Improvements, Equipment, and Vehicles (net of accumulated depreciation)	399,631,132
Construction in Progress	45,644,455
Total Noncurrent Assets	<u>\$ 484,947,961</u>
TOTAL ASSETS	<u>\$ 659,360,957</u>
LIABILITIES	
Current Liabilities:	
Salaries Payable (Note 7C)	\$ 56,109,941
Vouchers and	
Accounts Payable	20,943,224
Deposits Payable	55,000
Due to Federal Government	87,914
Unearned Revenue (Note 3)	6,627,034
Long-term Liabilities (due within one year) (Note 5A)	<u>22,456,470</u>
Total Current Liabilities	<u>\$ 106,279,583</u>
Noncurrent Liabilities:	
Long-term Liabilities (due in more than one year) (Notes 1G, 5, and 9)	<u>14,171,267</u>
TOTAL LIABILITIES	<u>\$ 120,450,850</u>
NET ASSETS (Note 1I)	
Invested in Capital Assets	\$ 484,947,961
Restricted for: (Note 10D)	
Capital Projects	5,465,425
Grants	1,205,050
Cafeterias	3,402,900
Textbooks	17,964,543
Unrestricted	<u>25,924,228</u>
TOTAL NET ASSETS	<u>\$ 538,910,107</u>

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues			Net (Expenses) Revenues and Change In Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 573,843,860	\$ 3,212,855	\$ 130,259,915	\$ 1,812,470	\$ (438,558,620)
Administration, Attendance, & Health	19,526,549	-	-	-	(19,526,549)
Pupil Transportation	34,922,875	-	-	-	(34,922,875)
Operations and Maintenance	93,706,524	332,257	-	-	(93,374,267)
Cafeterias	27,294,432	12,772,266	14,377,587	-	(144,579)
Technology	47,835,843	447,530	4,963,289	-	(42,425,024)
Debt Service	<u>44,337,710</u>	<u>-</u>	<u>504,362</u>	<u>-</u>	<u>(43,833,348)</u>
Total Governmental Activities	<u>\$ 841,467,793</u>	<u>\$ 16,764,908</u>	<u>\$ 150,105,153</u>	<u>\$ 1,812,470</u>	<u>\$ (672,785,262)</u>

General Revenues:**Local Sources:**

Local Government	\$ 387,531,252
Miscellaneous	946,610

**Federal and State Aid not Restricted
to Specific Purposes:**

State Basic Aid	165,011,640
State Sales Tax	72,266,667
Federal Impact Aid	11,630,646

Interest Earnings	<u>208,950</u>
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Total General Revenues	<u>\$ 637,595,765</u>
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Change in Net Assets	<u>\$ (35,189,497)</u>
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Total Net Assets - July 1	<u>574,099,604</u>
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Total Net Assets - June 30	<u>\$ 538,910,107</u>
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The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments (Notes 1J1 and 6)	\$ 57,487,588	\$ -	\$ 17,626,194	\$ 23,553,559	\$ 7,289,853	\$ 105,957,194
Accounts Receivable Due from Other Funds (Note 10B)	171,552	66,849	3,283	-	13,892	255,576
Due from Commonwealth (Note 2A)	6,207,740	-	-	-	-	6,207,740
Due from Federal Government (Note 2B)	9,229,402	1,058,344	-	-	-	10,287,746
Inventories (Note 1F)	-	-	-	-	968,251	968,251
Prepaid Items (Note 1J5)	357,968	-	353,582	-	4,345	715,895
TOTAL ASSETS	\$ 73,545,329	\$ 12,796,156	\$ 17,983,059	\$ 23,553,559	\$ 10,473,373	\$ 138,351,476
LIABILITIES AND FUND BALANCES						
Liabilities:						
Salaries Payable (Note 7C)	\$ 50,903,162	\$ 4,265,026	\$ 270	\$ 22,701	\$ 917,135	\$ 56,108,294
Vouchers and Accounts Payable	10,220,644	1,052,159	18,246	8,921,704	50,824	20,263,577
Deposits Payable	-	-	-	-	55,000	55,000
Due to Other Funds (Note 10B)	-	6,207,740	-	-	-	6,207,740
Due to Federal Government	-	-	-	87,914	-	87,914
Deferred Revenue (Note 3)	437,352	66,181	-	-	474,745	978,278
TOTAL LIABILITIES	\$ 61,561,158	\$ 11,591,106	\$ 18,516	\$ 9,032,319	\$ 1,497,704	\$ 83,700,803
Fund Balances: (Notes 1H and 10D)						
Nonspendable	\$ 357,968	\$ -	\$ -	\$ -	\$ 972,596	\$ 1,330,564
Restricted	-	1,205,050	17,964,543	5,465,425	3,402,900	28,037,918
Committed	-	-	-	9,055,815	-	9,055,815
Assigned	11,626,203	-	-	-	4,600,173	16,226,376
TOTAL FUND BALANCES	\$ 11,984,171	\$ 1,205,050	\$ 17,964,543	\$ 14,521,240	\$ 8,975,669	\$ 54,650,673
TOTAL LIABILITIES AND FUND BALANCES	\$ 73,545,329	\$ 12,796,156	\$ 17,983,059	\$ 23,553,559	\$ 10,473,373	\$ 138,351,476

The accompanying notes are an integral part of the basic financial statements.

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Amounts reported for governmental activities in the Statement of Net Assets in Exhibit A-1 are different from amounts reported for governmental funds in this exhibit because:

Total Fund Balances - Governmental Funds (this exhibit)	\$ 54,650,673
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Cost of Capital Assets	\$ 796,890,879
less: Accumulated Depreciation	<u>311,942,918</u>
	484,947,961

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of the following:

Compensated Absences	(20,068,737)
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Internal Service Funds are used to account for the risk management and health insurance programs; and related charges to the various governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

Total Assets	\$ 42,269,260
less: Total Liabilities	<u>22,889,050</u>
Total Net Assets	<u>19,380,210</u>

Total Net Assets of governmental activities in the Statement of Net Assets (Exhibit A-1)	<u>\$ 538,910,107</u>
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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General	School Grants	School Textbooks	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
From Use of Money and Property	\$ 332,257	\$ -	\$ 50,953	\$ 54,677	\$ 463,839	\$ 901,726
Charges for Services	1,783,222	-	-	-	12,757,443	14,540,665
Miscellaneous	1,977,148	151,829	85,618	-	207,373	2,421,968
From Local Government	351,669,028	855,220	-	35,007,004	-	387,531,252
From Commonwealth	305,542,870	7,487,879	1,661,828	-	489,788	315,182,365
From Federal Government	13,660,046	56,138,518	-	1,812,470	13,867,218	85,478,252
Total Revenues	<u>\$ 674,964,571</u>	<u>\$ 64,633,446</u>	<u>\$ 1,798,399</u>	<u>\$ 36,874,151</u>	<u>\$ 27,785,661</u>	<u>\$ 806,056,228</u>
EXPENDITURES						
Current:						
Instruction	\$ 477,573,144	\$ 62,362,888	\$ 5,876,806	\$ 2,806,120	\$ 334,413	\$ 548,953,371
Administration, Attendance, & Health	19,064,917	-	-	-	-	19,064,917
Pupil Transportation	29,578,124	-	-	4,121	-	29,582,245
Operations and Maintenance	88,326,990	-	-	5,199,375	-	93,526,365
Cafeterias	-	-	-	-	26,474,564	26,474,564
Technology	39,345,298	4,963,289	-	1,301,107	267,921	45,877,615
Debt Service	44,337,710	-	-	-	-	44,337,710
Capital Outlay	-	-	-	57,152,553	-	57,152,553
Total Expenditures	<u>\$ 698,226,183</u>	<u>\$ 67,326,177</u>	<u>\$ 5,876,806</u>	<u>\$ 66,463,276</u>	<u>\$ 27,076,898</u>	<u>\$ 864,969,340</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>\$ (23,261,612)</u>	<u>\$ (2,692,731)</u>	<u>\$ (4,078,407)</u>	<u>\$ (29,589,125)</u>	<u>\$ 708,763</u>	<u>\$ (58,913,112)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In (Note 10A)	\$ 5,500,000	\$ 2,994,199	\$ -	\$ -	\$ -	\$ 8,494,199
Transfers Out (Note 10A)	(2,994,199)	-	-	-	-	(2,994,199)
Sale of Capital Assets	221,578	-	-	490	-	222,068
Total Other Financing Sources (Uses)	<u>\$ 2,727,379</u>	<u>\$ 2,994,199</u>	<u>\$ -</u>	<u>\$ 490</u>	<u>\$ -</u>	<u>\$ 5,722,068</u>
NET CHANGES IN FUND BALANCES						
	<u>\$ (20,534,233)</u>	<u>\$ 301,468</u>	<u>\$ (4,078,407)</u>	<u>\$ (29,588,635)</u>	<u>\$ 708,763</u>	<u>\$ (53,191,044)</u>
FUND BALANCES - JULY 1	<u>32,518,404</u>	<u>903,582</u>	<u>22,042,950</u>	<u>44,109,875</u>	<u>8,266,906</u>	<u>107,841,717</u>
FUND BALANCES - JUNE 30	<u>\$ 11,984,171</u>	<u>\$ 1,205,050</u>	<u>\$ 17,964,543</u>	<u>\$ 14,521,240</u>	<u>\$ 8,975,669</u>	<u>\$ 54,650,673</u>

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Amounts reported for governmental activities in the Statement of Activities in Exhibit A-2 are different from amounts reported for governmental funds in this exhibit because:

Net Changes in Fund Balances - Governmental Funds (this exhibit)	\$ (53,191,044)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year (Note 10C).

37,965,418

Compensated absences (annual, sick, and personal leave) are reported in governmental funds as expenditures, which are measured by the amount of financial resources used (essentially, the amounts actually paid). However, for governmental activities those costs are shown and measured by the net of the amounts of leave used and earned for the fiscal year in the Statement of Activities.

Leave Used	\$ 9,744,874
Leave Earned	<u>(9,479,963)</u>
	264,911

Internal Service Funds are used to account for the risk management and health insurance programs, and related charges to the various governmental funds. The change in net assets for the Internal Service Funds for the fiscal year is reported with governmental activities in the Statement of Activities.

Risk Management	\$ (5,450,586)
Health Insurance	<u>(12,014,874)</u>
	(17,465,460)

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on-behalf of" debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf of" debt at June 30, 2012. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

(2,763,322)

Change in Net Assets of governmental activities in the Statement of Activities (Exhibit A-2)

\$ (35,189,497)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

**Governmental
Activities:
Internal
Service Funds**

ASSETS**Current Assets:**

Cash and Investments (Notes 1J1 and 6)	\$ 41,806,589
Accounts Receivable	380,419
Prepaid Items (Note 1J5)	<u>82,252</u>
TOTAL ASSETS	\$ 42,269,260

LIABILITIES**Current Liabilities:**

Salaries Payable	\$ 1,647
Vouchers and	
Accounts Payable	679,647
Unearned Revenue (Note 3)	5,648,756
Estimated Claims and	
Judgments (due within one year)	
(Notes 5A and 9)	<u>12,419,250</u>
Total Current Liabilities	<u>\$ 18,749,300</u>

Noncurrent Liabilities:

Estimated Claims and	
Judgments (due in more than one year)	
(Notes 5A and 9)	<u>4,139,750</u>
TOTAL LIABILITIES	<u>\$ 22,889,050</u>

NET ASSETS**Unrestricted**

TOTAL NET ASSETS	<u>\$ 19,380,210</u>
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The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Governmental Activities: Internal Service Funds	
<u>OPERATING REVENUES</u>	
Charges for Services	\$ 113,271,855
Miscellaneous Revenue	64,215
Total Operating Revenue	<u>\$ 113,336,070</u>
<u>OPERATING EXPENSES</u>	
Personnel Services	\$ 544,050
Fringe Benefits	153,261
Other Charges (Note 1J2)	<u>124,783,232</u>
Total Operating Expenses	<u>\$ 125,480,543</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ (12,144,473)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
From Federal Government	\$ 52,425
From Commonwealth	12,334
Transfers Out-General Fund	(5,500,000)
Interest Income	<u>114,254</u>
Total Nonoperating Revenues (Expenses)	<u>\$ (5,320,987)</u>
<u>CHANGE IN NET ASSETS</u>	<u>\$ (17,465,460)</u>
<u>TOTAL NET ASSETS - JULY 1</u>	<u>36,845,670</u>
<u>TOTAL NET ASSETS - JUNE 30</u>	<u>\$ 19,380,210</u>

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

**Governmental
Activities:
Internal
Service Funds**

CASH FLOWS FROM OPERATING**ACTIVITIES:**

Receipts from Customers and Users	\$ 113,410,777
Payments to Vendors for Goods/Services	(122,421,826)
Payments to Employees for Services	(695,813)
Net Cash Provided (Used) By Operating Activities	<u>\$ (9,706,862)</u>

CASH FLOWS FROM NONCAPITAL**FINANCING ACTIVITIES:**

Receipt from Federal Government	52,425
Receipt from Commonwealth	12,334
Payment to Local Government	(5,500,000)
Net Cash From Noncapital Financing Activities	<u>\$ (5,435,241)</u>

CASH FLOWS FROM INVESTING**ACTIVITIES:**

Interest Received on Investments	<u>\$ 114,254</u>
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NET INCREASE (DECREASE) IN**CASH AND INVESTMENTS**

\$ (15,027,849)

CASH AND INVESTMENTS.**BEGINNING OF YEAR**

56,834,438

CASH AND INVESTMENTS.**END OF YEAR**

\$ 41,806,589

RECONCILIATION OF OPERATING**INCOME (LOSS) TO NET CASH****PROVIDED (USED) BY OPERATING****ACTIVITIES:**

Operating Income (Loss)	<u>\$ (12,144,473)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
(Increase) Decrease in Assets	
Accounts Receivable	\$ (25,461)
Due from Commonwealth	87,538
Due from Federal Government	3,441
Prepaid Items	2,054,050
Increase (Decrease) in Liabilities	
Salaries Payable	1,498
Vouchers and Accounts Payable	(1,892,302)
Unearned Revenue	9,189
Estimated Claims and Judgments	2,199,658
Total Adjustments	<u>\$ 2,437,611</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (9,706,862)</u>

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2012

	Agency Funds
<u>ASSETS</u>	
Cash and Investments (Notes 1J1 and 6)	<u>\$ 9,852,387</u>
TOTAL ASSETS	<u>\$ 9,852,387</u>
<u>LIABILITIES</u>	
Vouchers and Accounts Payable	<u>\$ 9,852,387</u>
TOTAL LIABILITIES	<u>\$ 9,852,387</u>

The accompanying notes are an integral part of the basic financial statements.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The present City of Virginia Beach, Virginia (City), was formed on January 1, 1963, by the merger of Princess Anne County and the former smaller City of Virginia Beach. The elected eleven-member School Board of the City of Virginia Beach, Virginia (the School Board), vested with the legislative powers, appoints the Superintendent who is the executive and administrative head of the public school division.

The accounting policies of the School Board conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies of the School Board:

A. Government-Wide and Fund Financial Statements

The accounts of the School Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses, as appropriate.

The basic financial statements and required supplementary information include both the government-wide (based upon the School Board as a whole) financial statements (i.e., Statement of Net Assets and Statement of Activities) and fund financial statements. While the previous reporting model emphasized fund types (i.e., the total of all funds of a particular fund type), the new reporting model emphasizes either the School Board as a whole or a major individual fund (within the basic financial statements and required supplementary information).

In the government-wide Statement of Net Assets, the governmental activities column is presented on a full accrual and economic resources basis. This basis incorporates long-term assets and receivables, and long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of an activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific activity. Program revenues are those that are directly associated with the specific activity (e.g., Instruction, Pupil Transportation, Cafeterias). Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Taxes and other items not properly included among program revenues are reported as general revenues. The School Board does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund financial statements are provided for governmental funds, proprietary funds (i.e., internal service funds), and fiduciary funds (i.e., agency funds). By definition, the assets of the fiduciary funds are being held for the benefit of a third party and cannot be used to address activities or obligations of the government; therefore, these funds are excluded from the government-wide financial statements. Furthermore, the internal service funds have been incorporated into the governmental activities column in the governmental-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Government-Wide and Fund Financial Statements (continued)

The School Board reports the following major governmental funds:

General Fund - is the general operating fund of the School Board which is used to account for all financial resources, except those required to be accounted for in another fund. Revenues are derived primarily from the Federal Government (including impact aid and grants), Commonwealth of Virginia (including basic aid, grants, and sales tax), and the City of Virginia Beach.

School Grants Special Revenue Fund – accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if applicable).

School Textbooks Special Revenue Fund – accounts for the financing (e.g., Commonwealth of Virginia) and acquisitions of textbooks and related materials used in the school division.

Capital Projects Fund – is used to account for the financial resources for the acquisition or construction of major capital facilities.

Additionally, the School Board reports the following fund types:

Special Revenue Funds – (including the above special revenue funds) are used to account for the proceeds of specific revenue sources, which are restricted or committed to be expended for specified purposes. The Special Revenue funds (other than the above Special Revenue funds reported as major governmental funds) of the School Board are the Cafeterias, Communication Towers/Technology, Vending Operations, and Equipment Replacement Funds.

Proprietary Funds-Internal Service Funds – are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the governmental unit (and to other governmental units), on a cost-reimbursement basis. The School Board has established Internal Service Funds for the Risk Management and Health Insurance programs.

Fiduciary Funds-Agency Funds – are used to account for assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities). The Agency Funds of the School Board are the Payroll Deductions, Fringe Benefits, and School Activity Accounts Funds.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Entity

The School Board is responsible for elementary and secondary education within the city. Members of the School Board are elected by the voters and serve staggered terms on the School Board. The City Council approves the School Board's operating budget, levies the necessary taxes to finance the operations, and approves the borrowing of money and issuance of bonds when necessary. The City Council is prohibited from exercising any control over specific appropriations within the operating budget of the School Board. However, City Council may exercise control in total by major categories (e.g., Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Technology) as prescribed by the Code of Virginia, as amended.

The School Board is considered a component unit of the City of Virginia Beach and, accordingly, the financial position and results of operations of the School Board are also presented in the City's Comprehensive Annual Financial Report.

The School Board uses the following criteria in determining reportable component units (legally, separate organizations): 1) economic resources received or held by the separate organization are entirely or almost entirely held for the benefit of the School Board, 2) the School Board is entitled to or has the ability to access a majority of the economic resources of the separate organization, and 3) the economic resources of the separate organization are significant to the School Board. Based on these criteria, the School Board has no component units for financial reporting purposes.

C. Capital Assets

Capital assets, which include land, buildings (e.g., schools, portables), improvements other than buildings (e.g., parking lots, curbs and gutters, sidewalks, drainage systems, fences), machinery and equipment, and vehicles (including school buses) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School Board as assets with an initial, individual cost of \$5,000 or more. Capital assets are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements. Depreciation is recorded on the capital assets on a government-wide basis using the straight-line method with the following estimated useful lives:

Buildings	50 years
Portables	25 years
Improvements other than Buildings	20 years
Machinery and Equipment	5 – 20 years
Vehicles	8 – 12 years

All capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value in the year donated.

D. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting and Measurement Focus (continued)

statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The effects of interfund activity have been eliminated from the government-wide financial statements; however, interfund services (e.g., risk management, health insurance) provided and used are not eliminated (elimination of these charges would distort the reported function expenses and program revenues).

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The Agency funds are used to account for the assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities).

The modified accrual basis of accounting is used by all governmental fund types and the full accrual basis of accounting is used by the agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (for the most part, revenues are considered available, if they are collected within 90 days of the end of the fiscal year). Expenditures are recorded when the related fund liability is incurred, if measurable.

The following is a list of the major revenue sources, which meet the "susceptible to accrual" criteria:

Commonwealth of Virginia
State Sales Taxes
Federal Government

All Proprietary Funds are reported under the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting and Measurement Focus (continued)

principal ongoing operations. The principal operating revenues of the Internal Service Funds are charges for services. Operating expenses for the Internal Service Funds include administrative expenses, insurance premiums, and claims payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for the same purpose, restricted resources are used first, where practicable and permitted.

The School Board reports unearned revenue on its government-wide financial statements, when revenues are received prior to the period in which all eligibility requirements have been met. Unearned revenue at the fund level (presented as Deferred Revenue) arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue (or Deferred Revenue, where applicable) is removed from the balance sheet and revenue is recognized.

E. Encumbrances

Encumbrance accounting, in which purchase orders, contracts, and other commitments for the expenditure of monies are recorded (reduces the applicable available appropriation), is followed in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding do not constitute expenditures until expended or accrued as liabilities.

F. Inventories

All inventories are reported using the weighted average cost inventory method. Reported inventories are accounted for under the consumption method (i.e., recorded as expenditures when used) in the governmental funds.

The School Cafeterias Fund's inventory includes United States Department of Agriculture (USDA) commodities under the Donated Commodity Program (operated as an adjunct to the National School Lunch Program). This program provides free agricultural products for use in the preparation of school lunches. The contributions are recorded in the financial statements as revenue upon receipt (*title of products pass upon delivery*) and expenditures at the time of consumption of the products based on the estimated wholesale market value (provided by the USDA). Other inventories are reported using the weighted average cost inventory method.

G. Accrued Compensated Leave

Annual leave, according to a graduated scale based on years of employment, is credited to each employee as it accrues. In general, administrative personnel may accrue a maximum of 50 days. Instructional personnel may accrue a maximum of 8 personal leave days. Upon

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accrued Compensated Leave (continued)

employment termination, payment is made by the School Board to the respective employee on the unused portion.

School Board employees are granted one sick leave day per month and may accumulate an unlimited number of sick leave days. However, no payment is made by the School Board on the unused portion upon employment termination, except on the condition of retirement. School retirees are paid for their unused sick leave.

An accrual has been made in the financial statements for certain accumulated annual, personal, and sick leave days. This estimate includes salary, and the related Social Security and Medicare taxes.

The estimated amount of accrued compensated leave for the School Board's governmental activities is reported in the government-wide financial statements. See Note 5B for the estimated amounts related thereto.

Accrued compensated leave is typically liquidated by the General Fund, or the applicable special revenue (e.g., School Cafeterias) or internal service (e.g., Risk Management) fund.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid items.

Restricted – The restricted fund balance classification is used when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the School Board to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School Board can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) by the School Board and/or the City Council. Those committed amounts cannot be used for any other purpose unless the School Board and/or City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fund Balance (continued)

balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School Board and/or City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – The assigned fund balance classification is intended to be used by the School Board for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School Board or a School Board official delegated that authority by School Board resolution, or by State Statute.

Unassigned – The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

I. Net Assets

The difference between assets and liabilities in the government-wide statement of net assets must be labeled as *net assets*. In addition, net assets must be subdivided into three components: invested in capital assets (net of related debt); restricted net assets; and unrestricted net assets, as follows:

Invested in Capital Assets – The invested in capital assets component presents the net assets that comprise the capital assets (net of accumulated depreciation) less related debt.

Restricted Net Assets – The restricted net assets component presents the net assets that are restricted when constraints placed on the net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – The unrestricted net assets component consists of net assets that do not meet the “invested in capital assets” or “restricted net assets” definition.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Miscellaneous

1. Cash and Investments

The School Board's cash and investments are pooled and invested with the City's centralized cash and investment pool (see Note 6). Cash invested at June 30 is included in the various cash accounts reflected in the financial statements. Investments are stated at fair value. Interest earnings on investments are allocated to certain funds based upon the average monthly cash balance of each fund.

2. Proprietary Funds' Other Charges

The Proprietary Funds' Other Charges category mainly consists of premiums and claims payments (including current estimated claims and judgments) in the Risk Management and Health Insurance Internal Service Funds.

3. Statement of Cash Flows

For purposes of the Statement of Cash Flows, all highly liquid debt instruments and certificates of deposit, regardless of maturity date, are grouped into cash and temporary investments. The proprietary funds participate in the City's centralized cash and investment pool (see Note 6); therefore, separate information on cash equivalents (i.e., investments with original maturities of three months or less upon acquisition) for the fund is not available.

4. Long-term Obligations

All long-term liabilities (see Note 5) are reported in the government-wide financial statements.

5. Prepaid Items

Prepaid items are certain required/negotiated payments made during Fiscal Year 2012 for goods/services to be delivered/rendered (and recorded as an expenditure/expense on a consumption basis, accordingly) during the following fiscal year(s).

6. Debt Service

Effective July 1, 2011, the School Board is required to account for all of the debt service payments in the School Board's General Fund on debt incurred by the City "on behalf of" the School Board (see Note 4B for related information). A corresponding increase in Local Government revenues was recognized, accordingly, in the School Board's General Fund. Information on the School Board and City debt as a whole is presented in the City's Comprehensive Annual Financial Report.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. RECEIVABLES

A. Due from Commonwealth

The following revenues were due from the Commonwealth of Virginia at June 30, 2012:

State Share Sales Tax	\$ 5,412,302
Special Education – Regional Program	3,817,100
Technology Initiative	790,043
Other Grants, Entitlements, and Shared Revenues	268,301
Total Due from Commonwealth – Governmental Funds (Exhibit A-3)	<u>\$ 10,287,746</u>

B. Due from Federal Government

The following revenues were due from various federal agencies at June 30, 2012:

ARRA Education Jobs	\$ 381,009
Adult Basic Education	61,446
Carl Perkins	393,147
Equipment Assistance Grant	20,581
National Institute of Aerospace	11,459
National School Meal Program	2,197,032
NJROTC	79,620
Preschool Incentive	41,646
Teaching American History – SAIL	73,840
Title I	6,023,180
Title II	788,819
Title III	55,897
Title IV	51,774
Title VI-B	3,751,449
Other Grants, Entitlements, and Shared Revenues	28,175
Total Due from Federal Government (Exhibit A-3)	<u>\$ 13,959,074</u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

3. DEFERRED/UNEARNED REVENUE

Deferred/Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available (presented as Deferred Revenue). Under the full accrual basis of accounting, such amounts are measurable, but are unearned (presented as Unearned Revenue). Deferred/Unearned revenue consists of the following as of June 30, 2012:

General Fund – Summer School Tuition and School Rentals	\$ 437,352
School Grants Fund – Early Reading Intervention and other grants	66,181
Other Governmental Funds – School Cafeterias and Communication Towers –	
Charges for Services	<u>474,745</u>
Total Deferred Revenue – Governmental Funds (Exhibit A-3)	<u>\$ 978,278</u>
School Health Insurance Internal Service Fund – Prepayment of July health insurance premiums (Exhibit A-5)	<u>5,648,756</u>
Total Unearned Revenue – Governmental Activities (Exhibit A-1)	<u><u>\$ 6,627,034</u></u>

4. CAPITAL ASSETS

A. Summary of Changes in Capital Assets

Governmental Activities:	<u>Balance</u>	<u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>June 30, 2012</u>
Capital Assets Not Being Depreciated:						
Land	\$ 31,115,889	\$ 8,556,490	\$ 5	\$ 39,672,374		
Construction in Progress	<u>68,407,664</u>	<u>49,090,187</u>	<u>71,853,396</u>		<u>45,644,455</u>	
Total Capital Assets Not Being Depreciated	<u>\$ 99,523,553</u>	<u>\$ 57,646,677</u>	<u>\$ 71,853,401</u>		<u>\$ 85,316,829</u>	
Capital Assets Being Depreciated:						
Buildings	\$ 479,114,611	\$ 81,801,705	\$ 4,836,874	\$ 556,079,442		
Improvements Other Than Buildings	<u>50,275,645</u>	<u>1,980,522</u>	<u>186,124</u>		<u>52,070,043</u>	
Machinery and Equipment	<u>104,173,357</u>	<u>5,306,440</u>	<u>6,055,232</u>		<u>103,424,565</u>	
Total Capital Assets Being Depreciated	<u>\$ 633,563,613</u>	<u>\$ 89,088,667</u>	<u>\$ 11,078,230</u>		<u>\$ 711,574,050</u>	
Less Accumulated Depreciation for:						
Buildings	\$ 197,247,991	\$ 27,214,948	\$ 3,912,064	\$ 220,550,875		
Improvements Other Than Buildings	<u>30,134,401</u>	<u>1,897,955</u>	<u>186,124</u>		<u>31,846,232</u>	
Machinery and Equipment	<u>55,958,909</u>	<u>8,097,161</u>	<u>4,510,259</u>		<u>59,545,811</u>	
Total Accumulated Depreciation	<u>\$ 283,341,301</u>	<u>\$ 37,210,064</u>	<u>\$ 8,608,447</u>		<u>\$ 311,942,918</u>	
Total Capital Assets Being Depreciated, Net	<u>\$ 350,222,312</u>	<u>\$ 51,878,603</u>	<u>\$ 2,469,783</u>		<u>\$ 399,631,132</u>	
Governmental Activities Capital Assets, Net	<u>\$ 449,745,865</u>	<u>\$ 109,525,280</u>	<u>\$ 74,323,184</u>		<u>\$ 484,947,961</u>	

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

4. CAPITAL ASSETS (continued)

B. Tenancy in Common by the City on Certain School Buildings

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a “tenancy in common” with the School Board whenever the City incurs “on behalf of” debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable “on-behalf” of debt at June 30, 2012, as follows:

School Buildings reported by the City	\$ 343,453,614
Less: Accumulated Depreciation	<u>25,026,544</u>
Net Book Value reported by the City	<u>\$ 318,427,070</u>

C. Depreciation Expense on Capital Assets

Depreciation expense was charged to governmental activities, as follows:

Instruction	\$ 29,477,826
Admin, Attendance, & Health	32,712
Pupil Transportation	4,355,277
Operations and Maintenance	1,285,244
Cafeterias	304,956
Technology	<u>1,754,049</u>
 Total Depreciation Expense	 <u>\$ 37,210,064</u>

Note: Approximately \$15 million of the depreciation expense is on buildings owned by the School Board and reported by the City, and the net accumulated depreciation change/transfer, if applicable, on buildings owned by the School Board and previously reported by the City as a result of the Tenancy in Common provisions disclosed in Note 4B.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

5. LONG-TERM LIABILITIES

A. Summary of Changes In Long-term Liabilities

Governmental Activities:	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Accrued Compensated Leave (Note 5B)	\$ 20,333,648	\$ 9,479,963	\$ 9,744,874	\$ 20,068,737	\$ 10,037,220
Estimated Claims and Judgments (Notes 9A and 9C)	<u>14,359,342</u>	<u>124,783,232</u>	<u>122,583,574</u>	<u>16,559,000</u>	<u>12,419,250</u>
Long-Term Liabilities	<u>\$ 34,692,990</u>	<u>\$134,263,195</u>	<u>\$132,328,448</u>	<u>\$ 36,627,737</u>	<u>\$ 22,456,470</u>

Note: Long-term liabilities are typically liquidated by the General Fund, or the applicable special revenue (e.g., School Cafeterias) or internal service (e.g., Risk Management) fund.

B. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2012:

<u>Compensated Leave</u>	
Annual	\$ 8,794,854
Sick	9,442,414
Personal	<u>1,831,469</u>
Total	<u>\$20,068,737</u>

Accrued compensated leave is typically liquidated by the General Fund, or the applicable special revenue (e.g., School Cafeterias) or internal service (e.g., Risk Management) fund.

6. DEPOSITS AND INVESTMENTS

The Constitution of Virginia and the Code of Virginia, as amended, require the election of a City Treasurer. The City's Charter provides that the City Treasurer is the custodian of City cash and has powers and duties prescribed by general law. Cash and temporary investments pertaining to the School Board's funds (except school activity account funds) are pooled and invested with the cash and temporary investments of the City. The bank balance of the City's deposits, which includes the School Board's cash pooled with the City, was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Information to categorize investments for the School Board only, by the level of risk assumed, is unavailable for disclosure. However, information on the pooled deposits and investments (including the investments stated at amortized cost and the investments stated at fair value) for the School Board and City as a whole is presented in the City's Comprehensive Annual Financial Report and below, as follows:

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

6. DEPOSITS AND INVESTMENTS (continued)

Deposits:

Custodial credit risk for deposits policy – All cash of the City including the School Board Component Unit (excluding the School Board's School Activity Accounts) is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by Federal Depository Insurance.

The City has compensating balance arrangements with two financial institutions. Bank of America provides services to the City while a \$3.5 million balance is maintained in a demand deposit account. A fluctuating checking account balance based on monthly investment services is a requirement of Branch Banking & Trust (BB&T).

As of June 30, 2012, the City had the following investments. Except for the investments in the State Non-Arbitrage Program (SNAP), all investments are in an internal investment pool.

Investment Type	Fair Value	Weighted Average Maturities (in months)
Certificates of Deposit	\$ 119,160,824	2.41
State Treasurer's Local Government Investment Pool (LGIP)	185,000,000	0.47
Commercial Paper Disc. – Amortizing	26,947,138	0.34
U. S. Government Securities	40,000,000	1.31
State Non Arbitrage Program – SNAP	<u>25,241,644</u>	<u>0.06</u>
 Total Fair Value	 <u>\$ 396,349,606</u>	 <u>1.10</u>
Portfolio Weighted Average Maturity		

Reconciliation of total deposits and investments:

	Primary Government	School Board Component Unit	Total
Cash and Investments	\$ 284,912,391	\$ 147,763,783	\$ 432,676,174
Restricted Cash and Cash Equivalents	411,725,283	-	411,725,283
Fiduciary Funds	486,503	9,852,387	10,338,890
Total	<u>\$ 697,124,177</u>	<u>\$ 157,616,170</u>	<u>\$ 854,740,347</u>
 Less: Cash on Deposit			(458,390,741)
Total Market Value of Investments at June 30, 2012			<u>\$ 396,349,606</u>

Interest Rate Risk:

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits maximum final stated maturities of investments to five years. In addition, the City will structure the investment portfolio so that securities mature to meet cash requirements and by investing operating funds primarily in shorter-term securities.

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements. Reverse and escrow funds may be invested in securities exceeding five years to maturity if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

6. DEPOSITS AND INVESTMENTS (continued)

The City assumes all investments will be held until maturity or until called at their par value. However, an investment may be sold at an earlier date to meet certain obligations or if the investment's credit quality drops. This makes the City's investments sensitive to market rate fluctuations. To mitigate the impact of market rate fluctuations, the City maintains enough liquidity to meet its short-term needs with a smaller portion invested in long-term government-sponsored organizations and high-quality corporate notes.

Credit Risk:

Credit risk is the risk an investor is subject to as a result of the credit quality of investments in debt securities. Statutes, as well as the City's investment policy, authorize the City to invest in obligations of the United States or agencies thereof; the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record; bankers' acceptance instruments; repurchase agreements which are collateralized with securities approved for direct investment, State Treasurer's Local Government Investment Pool (LGIP); and corporate notes with at least a rating of Aa by Moody's or AA by Standard and Poor's.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool". Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The fair value of the City's position in the pool is the same as the value of the pool shares.

Custodial credit risk for investments policy – For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City requires that all investments be clearly marked as to ownership and to the extent possible, be registered in the name of the City. In addition, the City pre-qualify's the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business.

The City's rated debt investments as of June 30, 2012 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAA</u>	<u>A1/P1/F1+</u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 185,000,000	\$ -
U. S. Government Securities	40,000,000	-
State Non Arbitrage Program (SNAP)	25,241,644	-

Concentration of Credit Risk: Concentration of credit risk represents the risk of investments in any one issue that represents 5% or more of investments. The City's investment policy limits the amount it can invest in commercial paper and bankers acceptance instruments. By policy, investments in commercial paper are limited to 35% of the total available for investment, and not

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

6. DEPOSITS AND INVESTMENTS (continued)

more than 5% of the total available for investment can be invested in any one issuing corporation. Bankers' acceptance instruments shall not exceed 50% of the total investment portfolio's book value on the date of acquisition.

At June 30, 2012, investments in bankers' acceptance instruments and U.S. Government Securities are recorded at fair value. All other investments are reported utilizing amortized cost due to maturity dates less than one year. The fair valuing of bankers' acceptance instruments and U.S. Government Securities at June 30, 2012 resulted in a net increase of \$322,728.

All City and School Board Funds participate in a centralized cash and investment pool. Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund.

7. COMMITMENTS AND CONTINGENCIES

A. Litigation

The School Board, as of June 30, 2012, is a named defendant in various lawsuits. The School Board is vigorously defending all cases, and expects no losses will be incurred which would have a material effect on the School Board's financial position.

B. Intergovernmental Grants, Entitlements, and Shared Revenues

The School Board participates in a number of federal and state grants, entitlements, and shared revenues programs. These programs are subject to program compliance audits by the applicable federal or state agency or their representatives. Furthermore, the U.S. Congress passed legislation entitled the "Single Audit Act Amendments of 1996" which requires most governmental recipients of federal assistance to have an annual independent organization-wide financial and compliance audit. The results thereof are incorporated in the City's Comprehensive Annual Financial Report. The amounts, if any, of expenditures that may be disallowed by these audits cannot be determined at this time, although the School Board expects such amounts, if any, to be immaterial.

C. Salaries Payable

The outstanding Salaries Payable amount represents salaries due (in July and August 2012) to school employees (e.g., teachers) who have opted to be paid over a twelve-month period; and salaries that are due (e.g., for services rendered in June 2012 and not paid until July 2012) to substitutes, part-time employees, and other school personnel.

D. Encumbrances

The School Board has encumbrances such as purchase orders, contracts, and other commitments for the expenditure of monies for goods and/or services not received as of June 30, 2012. These outstanding encumbrances (listed below) do not constitute expenditures until expended or accrued as liabilities and, therefore, are not reflected in the accompanying financial statements.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

7. COMMITMENTS AND CONTINGENCIES (continued)

D. Encumbrances (continued)

<u>Fund</u>	<u>Amount of Encumbrances</u>
General	\$11,309,286
School Textbooks	87,917
Capital Projects	10,699,974
Other Governmental	<u>88,210</u>
Total	<u>\$22,185,387</u>

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

A. Virginia Retirement System

1. Plan Description

The School Board contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan, which is administered by the VRS. VRS is a public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. Professional employees participate in a VRS statewide teacher cost sharing pool, and nonprofessional employees participate as a separate group and cost sharing pool in the retirement system.

Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave, and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for political subdivision employees, as follows:

Plan 1 – Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least ten years of service credit.

Plan 2 – Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

8. **RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS** (continued)

A. **Virginia Retirement System** (continued)

1. **Plan Description** (continued)

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits.

Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The VRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

2. **Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. All or part of the 5% member contribution may be assumed by the employer. This 5% member contribution has been assumed by the School Board. The employer is required by State statute to contribute the remaining amounts necessary to fund the VRS using the actuarial basis specified by the Code of Virginia, as amended, and approved by the VRS Board of Trustees.

The School Board's nonprofessional employee contribution rate for the fiscal year ended June 30, 2012 was 11.26% of annual covered payroll (includes the 5% member contribution). The School Board's contribution (including the 5% member contribution) for the fiscal year ended June 30, 2012 to the VRS statewide teacher pool was \$42,884,174. This amount represented 11.33% of annual covered payroll for 2012. The contribution for 2011 was \$34,487,826 and 8.93% of annual covered payroll. The contribution for 2010 was \$44,050,383 and 13.81% (0% last quarter) of annual covered payroll. The actual contribution for each of these years was equal to the required contribution.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

A. Virginia Retirement System (continued)

3. Annual Pension Cost

For the fiscal year ended June 30, 2012, the School Board's annual pension cost for the nonprofessional employees of \$4,488,305 was equal to the School Board's actual contribution. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include: (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases that ranged between 3.75% and 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.50%. The actuarial value of the School Board's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

4. Trend Information

Fiscal Year <u>Ended</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>(Assets)</u>
June 30, 2010	\$4,784,521	100.0%	\$ -
June 30, 2011	\$4,363,858	100.0%	\$ -
June 30, 2012	\$4,488,305	100.0%	\$ -

5. Funding Status and Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 83.20% funded. The actuarial accrued liability for benefits was \$187,196,469, and the actuarial value of assets was \$155,756,190, resulting in an unfunded actuarial accrued liability (UAAL) of \$31,440,279. The covered payroll (annual payroll of active employees covered by the plan) was \$40,672,520, and the ratio of the UAAL to the covered payroll was 77.30%. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

B. Other Postemployment Benefits

1. Plan Description

The City and School Board Other Postemployment Benefit (OPEB) Plans are a single-employer defined benefit plan, administered in accordance with State and City statutes. Section 15.2-1500 of the Virginia State Code provides that every locality shall provide for the governmental functions of the locality, including employment of the officers and other employees. In connection with this employment, the City and School Board have established certain plans to provide postemployment benefits other than pensions as defined in Section 15.2-1545 of the Virginia Code to retirees and their spouses and eligible

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Other Postemployment Benefits (continued)

1. Plan Description (continued)

dependents. Employees who retire with at least 25 years of service with the City and School Board as well as those who retire on a work-related disability compensable under the Workers' Compensation Act before age 65 are eligible for access to health insurance coverage. This benefit is payable until the retiree becomes eligible for Medicare.

In accordance with Article 8, Chapter 15, Subtitled II of Title 15.2 of the Virginia Code, the City and School Board have elected to establish a trust for the purpose of accumulating and investing assets to fund Other Postemployment Benefits. The City and School Board in accordance with this election have joined the Virginia Pooled OPEB Trust Fund. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for the City and School Board.

Separate financial statements can be obtained from VML/VACO Finance, 1108 East Main Street, Suite 801, Richmond, VA 23219.

2. Funding Policy

Contribution requirements of the City, School Board, and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay-as-you-go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2012 the City and School Board contributed \$8,714,600 and \$7,721,500, respectively. Plan members from each organization contributed \$39.50 per month for retiree-only point of service coverage. Retirees who elect HMO coverage will contribute less. City and School Board retirees with coverage for their spouses will contribute \$320 and \$372 per month, respectively, to age 65. The City and School Board have determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. The retiree contribution rate shall be based on the experience of the plan, the City and School Board's annual contribution amount, and the remaining premium cost. The below presents the funding status for the School Board.

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c)
						UAAL as a Percentage of Covered Payroll
January 1, 2012	\$ 17,306,300	\$ 77,083,800	\$ 59,777,500	22.5%	\$ 409,662,700	14.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

8. RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Other Postemployment Benefits (continued)

2. Funding Policy (continued)

schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

3. Annual OPEB Cost and Contribution

For 2012, the City and School Board's annual OPEB cost of \$8.7 million and \$7.7 million, respectively, was equal to the required contribution. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 is presented below (and presented with multi-year information as RSI following the notes to the financial statements).

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$7,721,500	100.0%	\$ -

The financial statements relating to the City and School Board's OPEB trust are presented in the City's Comprehensive Annual Financial Report.

4. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation for the years ending June 30, 2012 and 2013, the projected unit credit method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.2% initially, graded to 4.8% over 83 years. Unfunded actuarial accrued liabilities for each organization are being amortized as a level dollar amount over an open period of 30 years. The remaining amortization period is 30 years.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS

A. School Self-Insurance Program

The School Board is self-insured for a portion of its risks. The self-insurance coverage for Fire and Property Insurance is \$100,000 per occurrence and 1% of the total insured value of the damaged covered property when such loss or damage results from a named storm (minimum deductible – \$250,000 per occurrence); Boiler and Machinery is \$10,000 per occurrence; School Leaders Liability (errors and omissions) is \$350,000 per occurrence; Employee Dishonesty is \$1,000 per occurrence; General Liability is \$350,000 per occurrence; Vehicle Liability is \$350,000 per occurrence; Vehicle Catastrophic Fleet Damage is \$60,000 per occurrence; and Workers' Compensation is \$500,000 per occurrence.

Commercial insurance is purchased to cover the amount in excess of the above self-insured levels for specific losses. When economically feasible, commercial insurance is purchased to cover certain exposures completely. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

The insurance coverage is substantially the same as in prior fiscal years, except for Fire and Property Insurance. During 2006, the coastal property insurance marketplace faced severe capacity restrictions as reinsurers recovered from the catastrophic losses from Hurricanes Katrina and Rita. The property insurance program for the School Board was greatly affected due to the heavy coastal exposures. The insurance marketplace offered very little capacity for coverage limits and the premiums associated with this coverage were costly. A hurricane modeling study combined with a thorough analysis of insured buildings and their proximity to the water resulted in a considerable reduction in insurance coverage limits.

Claims processing and payments for all insurance claims are made through commercial carriers and third-party administrators.

The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2012 is \$7,886,000 (undiscounted), as follows:

Fiscal Year	Beginning-of- Fiscal-Year Liability	Current-Year		Balance at Fiscal Year-End
		Claims and Changes in Estimates	Claims Payments	
2009-10	\$6,024,794	\$4,821,550	\$4,736,114	\$6,110,230
2010-11	\$6,110,230	\$5,518,013	\$4,839,901	\$6,788,342
2011-12	\$6,788,342	\$6,038,595	\$4,940,937	\$7,886,000

B. Surety Bonds

All School Board employees are covered by a faithful performance bond in the amount of \$100,000 to protect the School Board in the event of fraudulent acts.

C. Self-Insured Health Care Benefits Program

Effective January 1, 2000, the School Board established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

9. RISK MANAGEMENT AND HEALTH CARE BENEFITS (continued)

C. Self-Insured Health Care Benefits Program (continued)

each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$500,000. Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability as of June 30, 2012 is \$8,673,000 (undiscounted), as follows:

Fiscal Year	Beginning-of- Fiscal-Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2009-10	\$ 7,425,159	\$108,090,373	\$107,791,532	\$ 7,724,000
2010-11	\$ 7,724,000	\$109,794,106	\$109,947,106	\$ 7,571,000
2011-12	\$ 7,571,000	\$118,744,637	\$117,642,637	\$ 8,673,000

10. CERTAIN INTERFUND TRANSACTIONS, EXHIBITS A-4 TO A-2 RECONCILIATION FOR CAPITAL OUTLAY, AND FUND BALANCE CLASSIFICATIONS

A. Interfund Transfers

The following are the School Board's interfund transfers in and transfers out that occurred during fiscal year 2012:

Fund	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ 5,500,000	\$ 2,994,199
School Grants		
Special Revenue	2,994,199	-
Total per Exhibit A-4	<u>\$ 8,494,199</u>	<u>\$ 2,994,199</u>

Purpose: Operational support during Fiscal Year 2011-12 (including a \$5,500,000 transfer from the School Board's Risk Management Internal Service Fund to the School Board's General Fund required by an ordinance adopted by City Council during the Fiscal Year 2012 budget process)

B. Interfund Receivables and Payables

The following are the School Board's interfund receivables and payables as of June 30, 2012:

Fund	Interfund Receivables (Due from Other Funds)	Interfund Payables (Due to Other Funds)
General Fund	\$ 6,207,740	\$ -
School Grants		
Special Revenue	-	6,207,740
Total per Exhibit A-3	<u>\$ 6,207,740</u>	<u>\$ 6,207,740</u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

10. CERTAIN INTERFUND TRANSACTIONS, EXHIBITS A-4 TO A-2 RECONCILIATION FOR CAPITAL OUTLAY, AND FUND BALANCE CLASSIFICATIONS (continued)

B. Interfund Receivables and Payables (continued)

Purpose: Eliminate School Grants Fund negative cash balance at June 30, 2012
(expected to be repaid within one year)

C. Exhibits A-4 to A-2 Reconciliation for Capital Outlay

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures (Exhibit A-4). However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities (Exhibit A-2). The below is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.

Capital Outlay:

Capital Projects Fund	\$ 57,152,553
General Fund	3,343,296
Grants Special Revenue Fund	1,206,969
School Cafeterias Special Revenue Fund	40,786
School Communication Towers/Technology	
Special Revenue Fund	12,080
School Vending Operations	32,244
Risk Management Internal Service Fund and	
other Capital Assets	494,144
Total Capital Outlay	<u>\$ 62,282,072</u>

Less:

Depreciation Expense	\$(37,210,064)
Depreciation Expense and Accumulated	
Depreciation change/transfer related to	
the Tenancy in Common by the City on	
certain School Buildings (Notes 4B&C)	15,363,194
Loss on Disposals	(2,469,784)
Total Depreciation Expense and Other	<u>\$(24,316,654)</u>
Total Amount by which Capital	
Outlay Exceeded Depreciation	
Expense and Other (Exhibit A-4)	<u>\$ 37,965,418</u>

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

10. CERTAIN INTERFUND TRANSACTIONS, EXHIBITS A-4 TO A-2 RECONCILIATION FOR CAPITAL OUTLAY, AND FUND BALANCE CLASSIFICATIONS (continued)

D. Fund Balance Classifications

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned (Note 1H) based primarily on the extent to which the School Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental funds and all of the other governmental funds are presented below.

	General	School Grants	School Textbooks	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Nonspendable						
Inventories and Prepaid Items	\$ 357,968	\$ -	\$ -	\$ -	\$ 972,596	\$ 1,330,564
Restricted						
Federal and State Grantor Agencies	\$ -	\$ 1,205,050	\$ -	\$ -	\$ -	\$ 1,205,050
State DOE/Textbooks	-	-	17,964,543	-	-	17,964,543
Capital Projects						
Bond Proceeds Balance	-	-	-	5,465,425	-	5,465,425
USDA/Cafeterias Charges	-	-	-	-	3,402,900	3,402,900
Total Restricted	\$ -	\$ 1,205,050	\$ 17,964,543	\$ 5,465,425	\$ 3,402,900	\$ 28,037,918
Committed						
Capital Projects Contracts	\$ -	\$ -	\$ -	\$ 9,055,815	\$ -	\$ 9,055,815
Assigned						
Instructional Technology	\$ 1,086,203	\$ -	\$ -	\$ -	\$ -	\$ 1,086,203
School Athletics	220,665	-	-	-	-	220,665
Communication Towers/ Technology	-	-	-	-	2,482,499	2,482,499
Vending Operations/ School Allocations	-	-	-	-	307,508	307,508
Equipment Replacement	-	-	-	-	1,810,166	1,810,166
Instruction Category	948,382	-	-	-	-	948,382
Administration, Attendance and Health Category	29,118	-	-	-	-	29,118
Pupil Transportation Category	1,241,004	-	-	-	-	1,241,004
Operations and Maintenance Category	4,768,945	-	-	-	-	4,768,945
Technology Category	3,331,886	-	-	-	-	3,331,886
Total Assigned	\$ 11,626,203	-	-	-	\$ 4,600,173	\$ 16,226,376
Total Fund Balances	\$ 11,984,171	\$ 1,205,050	\$ 17,964,543	\$ 14,521,240	\$ 8,975,669	\$ 54,650,673



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REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

Retirement Analysis of Funding Progress – Nonprofessional Employees
Other Postemployment Benefits – Annual OPEB Cost and Contribution
Other Postemployment Benefits – Funding Status and Progress

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the general operating fund of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

SCHOOL GRANTS SPECIAL REVENUE FUND

The School Grants Fund accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

SCHOOL TEXTBOOKS SPECIAL REVENUE FUND

The School Textbooks Fund accounts for the financing (e.g., Commonwealth of Virginia) and acquisition of textbooks and related materials used in the school division.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS (Unaudited)
JUNE 30, 2012

Retirement

Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	<u>Nonprofessional Employees</u>				UAAL as a Percentage of Covered Payroll	
		(b)	(b-a) Unfunded (Overfunded)	(a/b)	(c)		
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
June 30, 2009	\$ 153,730,529	\$ 167,501,425	\$ 13,770,896	91.78%	\$ 42,555,387	32.36%	
June 30, 2010	\$ 153,783,371	\$ 182,222,930	\$ 28,439,559	84.39%	\$ 41,493,390	68.54%	
June 30, 2011	\$ 155,756,190	\$ 187,196,469	\$ 31,440,279	83.20%	\$ 40,672,520	77.30%	

Source: Virginia Retirement System Actuarial Valuation Report for June 30, 2011. Revised economic and noneconomic assumptions due to experience review.

Other Postemployment Benefits

Annual OPEB Cost and Contribution

For 2012, the School Board's annual OPEB cost of \$7.7 million was equal to the required contribution. The School Board's annual OPEB cost and the percentage of annual OPEB cost contributed to the plan is presented below.

Fiscal Year Ended	Annual OPEB Cost	Percentage of ARC Contributed
June 30, 2010	\$8,881,926	100.0%
June 30, 2011	\$8,881,926	100.0%
June 30, 2012	\$7,721,500	100.0%

Source: Postretirement Benefit Valuation Report dated January 1, 2012 for the periods ending June 30, 2012 and 2013.

The financial statements relating to the City and School Board's OPEB trust are presented in the City's Comprehensive Annual Financial Report.

Other Postemployment Benefits

Funding Status and Progress

The funded status of the plan as of January 1, 2012 was, as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2009	\$ 3,897,182	\$ 72,692,511	\$ 68,795,329	5.40%	\$ 440,959,594	15.60%
January 1, 2010	\$ 8,648,413	\$ 75,347,493	\$ 66,699,080	11.50%	\$ 432,476,829	15.40%
January 1, 2012	\$ 17,306,300	\$ 77,083,800	\$ 59,777,500	22.45%	\$ 409,662,700	14.59%

Source: Postretirement Benefit Valuation Report dated January 1, 2012 for the periods ending June 30, 2012 and 2013.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress above presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
REVENUES					
From Use of Money and Property					
Rents	\$ 450,000	\$ 450,000	\$ 332,257	\$ (117,743)	\$ 367,908
Charges for Services					
Tuition and Educational Fees	\$ 1,481,100	\$ 1,481,100	\$ 1,783,222	\$ 302,122	\$ 1,796,596
Miscellaneous Revenue					
Sale of Salvage	\$ 12,000	\$ 12,000	\$ 502,523	\$ 490,523	\$ 346,446
Insurance Proceeds	-	-	30,721	30,721	26,951
Premium on Bonds	-	-	104,615	104,615	-
Donations	-	-	1,165	1,165	1,860
Miscellaneous	95,000	95,000	54,009	(40,991)	70,477
Indirect Costs	550,000	550,000	704,200	154,200	563,562
Natl Institute of Aerospace-Other	-	-	14,130	14,130	49,156
Take One Program	-	-	1,400	1,400	-
Athletics	544,000	544,000	489,776	(54,224)	537,511
Instructional Technology	-	-	74,609	74,609	232,448
Total Miscellaneous Revenue	\$ 1,201,000	\$ 1,201,000	\$ 1,977,148	\$ 776,148	\$ 1,828,411
From Local Government					
City - General Fund	\$ 354,089,081	\$ 353,661,471	\$ 337,706,745	\$ (15,954,726)	\$ 315,337,053
City - School Reserve Fund	13,300,000	13,300,000	13,300,000	-	13,000,000
City for Consolidated Benefits Office	678,838	678,838	662,283	(16,555)	662,283
Total From Local Government	\$ 368,067,919	\$ 367,640,309	\$ 351,669,028	\$ (15,971,281)	\$ 328,999,336
From Commonwealth					
Basic Aid	\$ 166,430,660	\$ 166,430,660	\$ 165,011,640	\$ (1,419,020)	\$ 159,342,761
Reimbursement-Social Security	10,098,225	10,098,225	10,038,165	(60,060)	10,073,393
Reimbursement-Retirement	9,150,228	9,150,228	9,095,806	(54,422)	5,961,804
Reimbursement-Life Insurance	370,955	370,955	368,749	(2,206)	370,043
Remedial Education	2,802,773	2,802,773	2,786,103	(16,670)	2,795,881
Remedial Education-Summer School	1,160,030	1,160,030	1,130,920	(29,110)	1,160,030
Special Education	19,495,757	19,495,757	19,379,803	(115,954)	19,447,816
Special Education-Regional Program	8,490,677	8,490,677	8,027,638	(463,039)	7,871,956
Special Education-Homebound	89,620	89,620	54,338	(35,282)	84,546
Special Education-Foster Children	-	-	324,797	324,797	318,481
Foster Home Children	564,832	564,832	207,920	(356,912)	199,291
Vocational	3,050,076	3,050,076	3,031,935	(18,141)	3,042,576
Vocational-Occupational/Tech	299,093	299,093	224,603	(74,490)	207,694
Vocational-Adult Education	-	-	35,479	35,479	32,684
Vocational-Equipment-State	-	-	88,140	88,140	88,608
Sales Tax	72,311,348	72,311,348	72,266,667	(44,681)	70,058,126
Class Size Initiative	2,261,346	2,261,346	2,337,996	76,650	2,218,993
Enrollment Loss	-	-	-	-	-
At-Risk Initiative	1,615,494	1,615,494	1,605,895	(9,599)	1,607,755
English as a Second Language	571,684	571,684	558,275	(13,409)	547,324
Visually Impaired	-	-	31,865	31,865	28,665
Composite Index Hold Harmless	1,720,723	1,720,723	1,720,723	-	13,776,652
Dual Enrollment	-	-	60,864	60,864	52,208
Gifted and Talented Aid	1,854,776	1,854,776	1,843,745	(11,031)	1,850,215
Supplemental Support for Operating	5,326,418	5,326,418	5,310,804	(15,614)	-
Total From Commonwealth	\$ 307,664,715	\$ 307,664,715	\$ 305,542,870	\$ (2,121,845)	\$ 301,137,502

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
REVENUES (continued)					
From Federal Government					
Public Law 874	\$ 14,461,723	\$ 14,461,723	\$ 8,428,118	\$ (6,033,605)	\$ 10,389,713
Public Law 874-Special Education	-	-	937,323	937,323	1,077,799
Dept of the Navy-NJROTC	100,000	100,000	320,318	220,318	310,175
Department of Defense	1,500,000	1,500,000	1,948,297	448,297	2,017,599
Dept of Defense-Special Education	-	-	316,908	316,908	502,639
Medicaid Reimbursement	575,000	575,000	1,145,194	570,194	1,196,050
Basic School Aid-ARRA/SFSF	-	-	-	-	7,528,270
Natl Institute of Aerospace	-	-	59,231	59,231	104,762
Interest Subsidy-QSCB	-	-	504,362	504,362	-
Other Federal Funds	-	-	295	295	23,294
Total From Federal Government	\$ 16,636,723	\$ 16,636,723	\$ 13,660,046	\$ (2,976,677)	\$ 23,150,301
Total Revenues	\$ 695,501,457	\$ 695,073,847	\$ 674,964,571	\$ (20,109,276)	\$ 657,280,054
EXPENDITURES					
Instruction					
Elementary Classroom	\$ 129,447,888	\$ 128,294,702	\$ 124,514,265	\$ 3,780,437	\$ 128,643,954
Senior High Classroom	69,301,664	69,282,563	69,123,036	159,527	73,170,200
Technical and Career Education	18,743,887	17,267,250	16,502,697	764,553	17,298,213
Gifted Education and Academy Programs	12,807,859	12,814,715	12,043,455	771,260	11,506,793
Special Education	80,425,553	80,747,882	79,212,398	1,535,484	78,648,796
Summer School	3,216,632	3,210,419	2,735,388	475,031	2,674,716
General Adult Education	1,785,651	1,627,605	1,593,409	34,196	1,490,893
Alternative Education - Renaissance	6,897,291	6,845,527	5,914,787	930,740	5,401,454
Student Activities	2,890,121	3,299,253	2,884,837	414,416	2,708,341
Student Athletics	4,941,085	4,942,022	4,829,599	112,423	4,642,587
Office/Principal - Elementary	22,783,453	22,683,328	21,813,480	869,848	21,718,387
Office/Principal - Senior High	9,218,465	9,316,857	9,039,890	276,967	9,078,153
Office/Principal - Tech & Career	511,607	517,976	484,471	33,505	473,451
Guidance Services	15,710,477	15,795,475	14,665,271	1,130,204	14,876,900
Social Work Services	2,465,971	2,874,971	2,871,818	3,153	2,637,112
Media and Communications	1,763,301	1,631,923	1,455,882	176,041	1,537,040
Instructional Support	12,185,039	11,830,479	11,520,087	310,392	9,832,856
Instructional Center for Teacher Leadership	1,911,980	1,838,430	1,211,560	626,870	630,640
Diversity	-	4,652	3,980	672	22,917
Special Education Support	2,747,099	2,805,982	2,462,503	343,479	2,448,196
Gifted Educ & Academy Programs Support	2,131,068	2,137,168	1,935,350	201,818	1,922,704
Media Services Support	12,490,151	12,249,980	11,711,695	538,285	12,000,352
Educational Leadership and Assessment	2,921,988	2,645,367	2,371,729	273,638	1,820,939
Middle School Classroom	53,548,419	53,349,598	51,934,415	1,415,183	53,715,186
Remedial Education	9,285,380	9,335,491	8,873,746	461,745	8,414,691
Office/Principal - Middle Schools	8,326,331	8,224,872	7,741,365	483,507	7,705,001
Homebound Services	656,962	613,681	515,949	97,732	557,354
Technical and Career Ed Support	894,236	894,236	885,297	8,939	831,566
Student Leadership	1,304,167	1,299,979	1,175,793	124,186	1,147,886
Psychological Services	3,161,213	3,206,663	3,179,488	27,175	3,018,217
Audiological Services	382,697	386,517	348,507	38,010	343,808
School Administration	1,397,644	1,317,743	860,546	457,197	788,732
Alternative Education	1,361,556	1,304,552	1,156,451	148,101	1,424,512
Total Instruction	\$ 497,616,835	\$ 494,597,858	\$ 477,573,144	\$ 17,024,714	\$ 483,132,547

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
EXPENDITURES (continued)					
<u>Admin, Attendance, & Health</u>					
Board, Legal, & Governmental	\$ 1,108,457	\$ 1,106,457	\$ 828,002	\$ 278,455	\$ 863,185
Office of the Superintendent	1,224,530	1,217,530	1,008,116	209,414	951,643
Department of Budget & Finance	3,655,873	3,498,562	3,162,397	336,165	3,092,656
Department of Human Resources	4,984,203	4,759,022	4,374,870	384,152	3,830,744
Internal Audit	357,012	357,012	339,618	17,394	291,391
Purchasing	1,030,734	980,574	873,091	107,483	980,363
Center for Teacher Leadership	1,162,254	730,950	406,468	324,482	680,439
Consolidated Benefits Office	1,637,154	1,737,154	1,734,754	2,400	1,463,511
Health Services	6,418,166	6,433,171	6,337,601	95,570	6,125,151
Total Admin, Attendance, & Health	\$ 21,578,383	\$ 20,820,432	\$ 19,064,917	\$ 1,755,515	\$ 18,279,083
<u>Pupil Transportation</u>					
Management	\$ 1,911,122	\$ 1,833,122	\$ 1,815,986	\$ 17,136	\$ 1,811,705
Vehicle Operation	17,041,484	18,449,978	17,351,409	1,098,569	20,739,333
Vehicle Operation - Special Education	4,956,998	5,297,822	5,033,918	263,904	5,919,922
Vehicle Maintenance	2,979,487	2,738,487	2,730,529	7,958	2,851,681
Monitoring Services	2,707,436	2,646,436	2,646,282	154	2,536,744
Total Pupil Transportation	\$ 29,596,527	\$ 30,965,845	\$ 29,578,124	\$ 1,387,721	\$ 33,859,385
<u>Operations and Maintenance</u>					
Facility Planning & Construction	\$ 739,648	\$ 677,198	\$ 677,043	\$ 155	\$ 666,870
School Plant	43,818,937	50,839,141	47,518,516	3,320,625	44,104,406
Supply Services	1,598,367	1,507,911	1,474,395	33,516	1,457,436
Grounds Services	3,751,950	3,751,950	3,751,950	-	3,867,990
Custodial Services	26,734,184	26,502,338	26,066,185	436,153	27,318,847
Safety and Loss Control	6,392,422	6,291,190	6,227,603	63,587	6,174,046
Vehicle Services	995,981	1,539,570	1,539,551	19	861,413
Telecommunications	1,514,229	1,990,766	1,071,747	919,019	1,777,336
Total Operations & Maintenance	\$ 85,545,718	\$ 93,100,064	\$ 88,326,990	\$ 4,773,074	\$ 86,228,344
<u>Technology</u>					
Instruction	\$ 20,704,667	\$ 34,677,517	\$ 28,682,543	\$ 5,994,974	\$ 28,332,576
Admin, Attendance & Health	1,128,589	1,694,895	1,393,314	301,581	1,214,697
Pupil Transportation	110,255	81,249	68,723	12,526	113,409
Operations and Maintenance	9,071,933	10,275,472	9,200,718	1,074,754	9,164,592
Total Technology	\$ 31,015,444	\$ 46,729,133	\$ 39,345,298	\$ 7,383,835	\$ 38,825,274
<u>Debt Service</u>					
Total Expenditures	\$ 44,812,083	\$ 44,812,083	\$ 44,337,710	\$ 474,373	\$ -
	\$ 710,164,990	\$ 731,025,415	\$ 698,226,183	\$ 32,799,232	\$ 660,324,633
<u>EXCESS (DEFICIENCY) OF REVENUES</u>					
<u>OVER (UNDER) EXPENDITURES</u>					
	\$ (14,663,533)	\$ (35,951,568)	\$ (23,261,612)	\$ 12,689,956	\$ (3,044,579)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	\$ (2,539,497)	\$ (2,587,469)	\$ (2,557,799)	\$ 29,670	\$ (2,509,831)
Transfers Out-Technology Category	(431,200)	(431,200)	(436,400)	(5,200)	(420,800)
Total Transfers Out	\$ (2,970,697)	\$ (3,018,669)	\$ (2,994,199)	\$ 24,470	\$ (2,930,631)
Transfers In-Risk Management Fund	5,500,000	5,500,000	5,500,000	-	-
Sale of Capital Assets	15,000	15,000	221,578	206,578	334,443
Total Other Financing Sources (Uses)	\$ 2,544,303	\$ 2,496,331	\$ 2,727,379	\$ 231,048	\$ (2,596,188)
<u>NET CHANGE IN FUND BALANCE</u>					
	\$ (12,119,230)	\$ (33,455,237)	\$ (20,534,233)	\$ 12,921,004	\$ (5,640,767)
<u>FUND BALANCE - JULY 1</u>					
	32,518,404	32,518,404	32,518,404	-	38,159,171
<u>FUND BALANCE - JUNE 30</u>					
	\$ 20,399,174	\$ (936,833)	\$ 11,984,171	\$ 12,921,004	\$ 32,518,404

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
REVENUES					
Miscellaneous	\$ -	\$ 272,957	\$ 151,829	\$ (121,128)	\$ 25,187
From Local Government	-	855,220	855,220	-	-
From Commonwealth	13,002,511	11,131,023	7,487,879	(3,643,144)	6,057,993
From Federal Government	75,186,838	73,276,312	56,138,518	(17,137,794)	43,200,985
Contingency	5,727,472	7,881,829	-	(7,881,829)	-
Total Revenues	\$ 93,916,821	\$ 93,417,341	\$ 64,633,446	\$ (28,783,895)	\$ 49,284,165
EXPENDITURES					
<u>Instruction</u>					
Adult Basic Education-ABE FY10	\$ -	\$ -	\$ -	\$ -	\$ 1,805
Adult Basic Education-ABE FY11	-	-	-	-	397,103
Adult Basic Education-ABE FY12	397,103	395,014	395,014	-	-
Adult Basic Education-ABE Incentive FY10	-	-	-	-	1,242
Advanced Placement Program FY10	-	-	-	-	2,400
Advanced Placement Program FY11	-	-	-	-	26,049
AFCEA Science Teaching Tools FY11	-	49	-	49	951
Algebra Readiness FY11	-	1,887	1,887	-	663,170
Algebra Readiness FY12	669,736	660,457	649,757	10,700	-
Allstate Foundation Safe Teen Driving FY07	-	4,991	1,183	3,808	2,770
ARRA Education Jobs Fund FY12	14,479,801	14,690,364	14,690,364	-	-
ARRA/SFSF Program FY10	350,000	498,436	498,436	-	2,872,703
Asia Society Confucius Classroom Network FY11	-	24,195	12,635	11,560	18,402
Career Switcher FY11	-	-	-	-	11,000
C. Perkins Vocational & Tech Act FY10	-	-	-	-	510
C. Perkins Vocational & Tech Act FY11	-	76,833	76,833	-	632,055
C. Perkins Vocational & Tech Act FY12	919,584	678,480	678,480	-	-
Chesapeake Restoration Grant FY10	-	7,696	7,696	-	7,304
Chesapeake Restoration Grant FY12	-	16,340	13,140	3,200	-
COPS Secure Our Schools FY12	-	135,450	85,710	49,740	-
DoDEA MCASP FY12	-	784,831	-	784,831	-
Early Reading Initiative FY10	-	-	-	-	54,899
Early Reading Initiative FY11	37,690	5,086	5,086	-	1,027,970
Early Reading Initiative FY12	1,030,056	1,095,938	1,049,929	46,009	-
English Literacy/Civics Education FY11	-	-	-	-	59,458
English Literacy/Civics Education FY12	54,293	67,961	67,961	-	-
Equipment Assistance Grant-Birdneck FY12	-	23,873	20,581	3,292	-
GED Expansion Grant FY11	-	-	-	-	10,000
GED Expansion Grant FY12	10,000	10,000	10,000	-	-
General Adult Education FY11	-	-	-	-	36,712
General Adult Education FY12	45,861	37,099	37,099	-	-
HSTW-Cox FY10	-	-	-	-	1,397
Governors Stem Academy Start Up FY12	-	395	365	30	-
GTC Grant FY12	-	428	428	-	-
Industry Credentials for Students FY11	-	-	-	-	67,737
Industry Credentials for Students FY12	-	61,910	61,910	-	-
ISAEP FY11	-	-	-	-	62,869
ISAEP FY12	62,869	62,842	62,842	-	-
Jail Education Program FY11	-	-	-	-	187,773
Jail Education Program FY12	202,710	210,805	190,998	19,807	-
Juvenile Detention Center FY11	-	-	-	-	818,087
Juvenile Detention Center FY12	849,224	887,644	853,982	33,662	-
LENS FY12	-	68,995	-	68,995	-

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
<u>EXPENDITURES (continued)</u>					
<u>Instruction (continued)</u>					
McKinney Homeless FY09	\$ -	\$ -	\$ -	\$ -	\$ 11,749
McKinney Homeless FY10	-	-	-	-	68,000
McKinney Homeless FY11	3,375	12,137	12,137	-	55,863
McKinney Homeless FY12	68,000	70,000	63,195	6,805	-
MyCAA - ALC Courses FY11	-	-	-	-	3,543
MyCAA - ALC Courses FY12	5,000	5,692	5,692	-	-
MyCAA-LPN Program FY11	-	-	-	-	10,203
MyCAA-LPN Program FY12	15,000	-	-	-	-
Natl. Board Certified Teachers Stipend FY11	-	-	-	-	265,000
Natl. Board Certified Teachers Stipend FY12	-	252,500	252,500	-	-
Natl. Space Fdn. Grant FY12	-	2,500	2,500	-	-
NBC Learn Archives on Demand FY11	-	-	-	-	4,200
New Teacher Mentor FY11	-	-	-	-	51,246
New Teacher Mentor FY12	59,325	45,032	45,032	-	-
NIST Grant FY12	-	3,500	3,500	-	-
NJROTC FY11	-	-	-	-	23,960
NJROTC FY12	-	32,060	32,060	-	-
Opportunity Inc. - STEM Grant FY12	-	232,200	135,694	96,506	-
Preschool Incentive Grant FY09	-	-	-	-	10,583
Preschool Incentive Grant FY10	-	2,274	2,274	-	59,483
Preschool Incentive Grant FY11	113,204	137,132	121,502	15,630	362,385
Preschool Incentive Grant FY12	499,957	498,954	321,352	177,602	-
Preschool Incentive Grant - ARRA FY10	-	24,654	24,654	-	99,158
Race to GED FY11	-	-	-	-	47,396
Race to GED FY12	58,581	63,762	63,762	-	-
Safe and Drug Free Schools FY10	-	-	-	-	50,481
School Improvement-Title I, College Park FY11	-	6,850	6,850	-	6,500
Startalk Elementary Chinese Academy FY10	-	-	-	-	58,472
Startalk Elementary Chinese Academy FY11	66,565	62,009	61,874	135	4,206
Startalk Elementary Chinese Academy FY12	-	60,175	5,277	54,898	-
State Academic Grant FY10	-	-	-	-	6,695
Teaching American History-SAIL FY10	458,510	395,963	332,363	63,600	442,832
Title I Part A 128-10 FY10	-	-	-	-	3,741,897
Title I Part A 128-11 FY11	8,262,106	6,279,696	6,279,696	-	5,678,724
Title I Part A 128-12 FY12	12,180,458	10,386,559	5,974,461	4,412,098	-
Title I Part A 128-10 - ARRA FY10	650,000	1,107,689	1,107,689	-	3,720,688
Title I Part A School Improvement FY11	-	148,004	83,220	64,784	-
Title I Distinguished Schools FY11	-	-	-	-	13,658
Title I Part D FY09	-	-	-	-	1,602
Title I Part D Subpart 1 FY10	-	-	-	-	12,813
Title I Part D Subpart 1 FY11	8,731	15,349	15,349	-	25,651
Title I Part D Subpart 1 FY12	71,019	43,965	22,911	21,054	-
Title I Part D Subpart 2 FY10	-	5,673	5,673	-	140,922
Title I Part D Subpart 2 FY11	243,462	221,262	182,862	38,400	49,617
Title I Part D Subpart 2 FY12	299,685	246,454	41,358	205,096	-
Title I Part D Subpart 2 - ARRA FY10	-	2,776	2,776	-	39,405
Title II NCLB128-08 FY09	-	-	-	-	2,143
Title II NCLB128-09 FY10	-	43,220	43,220	-	751,771
Title II NCLB128-10 FY11	781,263	1,044,277	1,033,370	10,907	1,680,887
Title II NCLB128-10 FY12	2,725,163	2,269,060	1,563,948	705,112	-

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
<u>EXPENDITURES (continued)</u>					
<u>Instruction (continued)</u>					
Title III Part A Immigrant & Youth FY09	\$ -	\$ -	\$ -	\$ -	\$ 2,075
Title III Part A Immigrant & Youth FY10	-	4,862	4,862	-	23,601
Title III Part A Immigrant & Youth FY11	38,804	39,291	30,347	8,944	38,511
Title III Part A Immigrant & Youth FY12	54,632	-	-	-	-
Title III Part A Language Acquisition FY09	-	-	-	-	26,482
Title III Part A Language Acquisition FY10	-	19,538	19,538	-	96,197
Title III Part A Language Acquisition FY11	103,182	125,934	98,752	27,182	3,943
Title III Part A Language Acquisition FY12	121,820	112,366	363	112,003	-
Title IV Pell Grant FY11	-	-	-	-	39,660
Title IV Pell Grant FY12	-	24,614	24,614	-	-
Title IV Part B 21st CCLC FY12	-	166,611	104,625	61,986	-
Title VI B PL 105-17 FY10	-	591	591	-	7,281,823
Title VI B PL 105-17 FY11	15,337,423	14,919,572	14,919,572	-	2,503
Title VI B PL 105-17 FY12	15,277,423	15,075,500	5,132,945	9,942,555	-
Title VI B PL 105-17 - ARRA FY10	1,500,000	371,884	371,884	-	12,839,549
VA Career Cluster Best Prac Bayside HSA FY12	-	2,000	2,000	-	-
VA Commission for the Arts-Bayside ES FY11	-	-	-	-	350
VA Commission for the Arts-Salem HS FY12	-	3,042	3,042	-	-
VA Incentive Program for Speech Lang FY11	-	19,500	19,500	-	-
VA Incentive Program for Speech Lang FY12	-	6,000	6,000	-	-
VA Initiative-At Risk Four-Year Olds FY10	-	-	-	-	397
VA Initiative-At Risk Four-Year Olds FY11	-	10,000	10,000	-	4,214,000
VA Initiative-At Risk Four-Year Olds FY12	4,224,000	4,224,000	4,214,000	10,000	-
VA Geographic Alliance FY11	-	4,100	771	3,329	949
VA Middle School Teacher Corps FY11	-	-	-	-	71,875
VA Middle School Teacher Corps FY12	65,000	75,000	75,000	-	-
Virginia Bch Police Benevolent Asso FY10	-	2,594	719	1,875	441
Virtual Enterprise MOU FY10	-	-	-	-	3,433
Virtual VA Advanced Placement FY12	-	2,370	2,370	-	395
Youngsters Yearning for More-Thalia ES FY11	-	326	326	-	1,674
Contingency	5,727,472	7,881,829	-	7,881,829	-
Total Instruction	\$ 88,128,087	\$ 87,320,901	\$ 62,362,888	\$ 24,958,013	\$ 49,113,957
<u>Technology</u>					
Adult Basic Education-ABE FY12	\$ -	\$ 8,695	\$ 8,695	\$ -	\$ -
Algebra Readiness FY11	-	-	-	-	4,679
Algebra Readiness FY12	-	2,750	2,750	-	-
C. Perkins Vocational & Tech Act FY10	-	-	-	-	490
C. Perkins Vocational & Tech Act FY11	-	-	-	-	194,906
C. Perkins Vocational & Tech Act FY12	-	136,005	136,005	-	-
COPS Secure Our Schools FY12	-	719,770	429,274	290,496	-
Early Reading Initiative FY10	-	-	-	-	2,187
Early Reading Initiative FY12	3,000	58,655	55,655	3,000	-
English Literacy/Civics Education FY12	5,148	-	-	-	-
Governors Stem Academy Start Up FY12	-	4,605	4,483	122	-
GTC Grant FY12	-	72	72	-	-
ISAEF FY12	-	27	27	-	-
Jail Education Program FY11	-	-	-	-	3,269
Jail Education Program FY12	1,000	340	340	-	-
Juvenile Detention Center FY11	-	-	-	-	6,618
Juvenile Detention Center FY12	9,000	7,782	7,622	160	-

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
<u>EXPENDITURES (continued)</u>					
<u>Technology (continued)</u>					
Preschool Incentive Grant FY11	\$ -	\$ 440	\$ 440	\$ -	\$ 42,772
Preschool Incentive Grant - ARRA FY10	-	31,284	31,284	-	76,797
Startalk Elementary Chinese Academy FY10	-	-	-	-	601
Startalk Elementary Chinese Academy FY12	-	500	-	500	-
Teaching American History-SAIL FY10	-	6,740	6,740	-	8,366
Technology Initiative FY09	-	-	-	-	393,145
Technology Initiative FY10	2,868,000	1,932,449	1,932,449	-	873,151
Technology Initiative FY11	2,868,000	2,587,200	819,634	1,767,566	-
Technology Initiative FY12	2,805,600	2,618,400	1,497	2,616,903	-
Title I Part A 128-10 FY10	-	-	-	-	-
Title I Part A 128-10 - ARRA FY10	-	3,841	3,841	-	44,169
Title I Part A 128-11 FY11	-	119,039	119,039	-	40,685
Title I Part A 128-12 FY12	58,000	251,765	85,153	166,612	-
Title I Part A School Improvement FY11	-	520	520	-	-
Title I Part D Subpart 1 FY11	-	3,183	3,183	-	-
Title I Part D Subpart 2 FY11	-	28,888	25,563	3,325	-
Title II Part D FY09	-	-	-	-	556
Title II Part D FY10	15,942	20,520	20,520	-	67,133
Title II Part D FY11	41,563	58,161	19,363	38,798	13,402
Title II Part D - ARRA FY10	24,172	103,699	103,699	-	80,495
Title III Part A Immigrant & Youth FY11	-	2,319	2,319	-	-
Title III Part A Language Acquisition FY10	-	-	-	-	16,924
Title IV Part B 21st CCLC FY12	-	21,209	759	20,450	-
Title VI B PL 105-17 FY10	-	32,801	32,801	-	15,438
Title VI B PL 105-17 FY11	-	415,347	415,347	-	-
Title VI B PL 105-17 FY12	60,000	119,000	-	119,000	-
Title VI B PL 105-17 - ARRA FY10	-	694,215	694,215	-	1,204,566
VA Star FY12	-	4,000	-	4,000	-
Total Technology	\$ 8,759,425	\$ 9,994,221	\$ 4,963,289	\$ 5,030,932	\$ 3,090,349
Total Expenditures	\$ 96,887,512	\$ 97,315,122	\$ 67,326,177	\$ 29,988,945	\$ 52,204,306
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	\$ (2,970,691)	\$ (3,897,781)	\$ (2,692,731)	\$ 1,205,050	\$ (2,920,141)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	2,970,691	3,897,781	2,994,199	(903,582)	2,930,631
<u>NET CHANGE IN FUND BALANCE</u>	\$ -	\$ -	\$ 301,468	\$ 301,468	\$ 10,490
<u>FUND BALANCE - JULY 1</u>	903,582	903,582	903,582	-	893,092
<u>FUND BALANCE - JUNE 30</u>	\$ 903,582	\$ 903,582	\$ 1,205,050	\$ 301,468	\$ 903,582

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL TEXTBOOKS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 100,000	\$ 100,000	\$ 50,953	\$ (49,047)	\$ 83,042
Charges for Services	-	-	-	-	93
Miscellaneous	10,000	10,000	85,618	75,618	95,212
From Commonwealth	1,671,771	1,671,771	1,661,828	(9,943)	2,160,229
Total Revenues	<u>\$ 1,781,771</u>	<u>\$ 1,781,771</u>	<u>\$ 1,798,399</u>	<u>\$ 16,628</u>	<u>\$ 2,338,576</u>
<u>EXPENDITURES</u>					
<u>Instruction</u>					
Personnel Services	\$ 64,359	\$ 64,359	\$ 74,946	\$ (10,587)	\$ 42,030
Fringe Benefits	20,881	20,881	20,268	613	11,869
Purchased Services	1,500	1,500	-	1,500	-
Materials and Supplies	10,185,031	11,792,426	5,781,592	6,010,834	2,431,468
Total Expenditures	<u>\$ 10,271,771</u>	<u>\$ 11,879,166</u>	<u>\$ 5,876,806</u>	<u>\$ 6,002,360</u>	<u>\$ 2,485,367</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>					
	\$ (8,490,000)	\$ (10,097,395)	\$ (4,078,407)	\$ 6,018,988	\$ (146,791)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	-	-
<u>NET CHANGE IN FUND BALANCE</u>	\$ (8,490,000)	\$ (10,097,395)	\$ (4,078,407)	\$ 6,018,988	\$ (146,791)
<u>FUND BALANCE - JULY 1</u>	<u>22,042,950</u>	<u>22,042,950</u>	<u>22,042,950</u>	<u>-</u>	<u>22,189,741</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 13,552,950</u>	<u>\$ 11,945,555</u>	<u>\$ 17,964,543</u>	<u>\$ 6,018,988</u>	<u>\$ 22,042,950</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

A. Budget Information

The following presents the procedures followed by the School Board in establishing the budgetary data reflected in the financial statements and other budget information:

1. The Superintendent is required by Section 22.1-92 of the Code of Virginia, as amended, to prepare and submit to the City Council, with the approval of the School Board, the estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public schools of the school division. Before the School Board gives final approval to its operating and capital improvement program budgets, the School Board is required to hold at least one public hearing.
2. The City Manager is required by the City Charter to present a proposed operating budget to the City Council, which includes the School Board's operating budget, at least 90 days before the beginning of each fiscal year, which begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper undesignated fund balances. The necessary budget ordinances are also submitted at this time.
3. The City Council is required by the City Charter to hold a public hearing on the budget at which time all interested persons are given an opportunity to comment.
4. If the proposed operating budget is not legally adopted by the City Council upon one reading of the budget ordinances by June 1, the operating budget is automatically adopted as proposed.
5. Annual budgets are legally adopted for the General and Special Revenue funds. The budgets for these funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The legal level of budgetary control for the General Fund is at the category level (i.e., Instruction; Administration, Attendance and Health; Pupil Transportation; Operations and Maintenance; Technology); and for the Special Revenue Funds, they are at the fund level. These categories or funds cannot legally be exceeded.
6. Additional appropriations require one reading of the ordinance for approval by the School Board and the City Council, and must be offset by additional estimated revenues and/or a transfer from the proper undesignated fund balances. Additional appropriations, which exceed 1% of the total estimated revenues shown in the adopted City budget, require one reading by City Council for approval after a public hearing.
7. The Superintendent is authorized to transfer appropriations up to a maximum of \$250,000. Transfers in excess of \$250,000 require one reading by the School Board for approval.

(continued)

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

A. Budget Information (continued)

8. The accounting system is employed as a budgetary management control device to monitor the individual schools and departments. In addition, certain controls are exercised administratively on the General Fund (e.g., budget units, personnel positions, capital outlay, and certain line-items; and the appropriations related thereto). A budget unit is an activity (e.g., Elementary Classroom, Gifted Education and Academy Programs) of a category (e.g., Instruction). In addition, certain controls are exercised on the Special Revenue Funds (e.g., federal and state grants; and the appropriations related thereto).
9. Unexpended appropriations lapse (except for the School Capital Projects Fund) and are closed to the proper fund balances at the end of each fiscal year (June 30). However, the General Fund's net assets balance (i.e., total assets (e.g., cash) less liabilities (e.g., salaries payable), outstanding encumbrances, prepaid items, and prior fiscal year net assets relating to the Instructional Technology and Athletics programs) is paid back (i.e., reverts) to the City (\$15,954,726 Fiscal Year 2012) before the aforementioned closing process. Appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30.
10. Capital Projects for the School Board and City are budgeted separately from the Operating Budget. Since the School Board and City have hundreds of projects in its Capital Improvement Program and the City has an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for Capital Projects do not parallel the School Board's fiscal year. Upon approval by the School Board, the School Board's Capital Improvement Program appropriation requests are submitted to the City Council. The appropriations require one reading of the ordinance for approval after public hearings on the Capital Improvement Program. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.

B. Budget Amendments

1. There were no supplemental budget amendments, other than for encumbrances, during Fiscal Year 2012; however, there was a budget amendment between the General Fund and Grants Fund for \$427,610 to provide a local match for the Community Oriented Policing Services – Secure Our Schools federal grant. This budget amendment did not affect the overall revenue from the local government.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted or dedicated to be expended for specified purposes. The School Board has the following Special Revenue Funds:

School Cafeterias – accounts for the revenues (e.g., Commonwealth of Virginia, Federal Government) and expenditures associated with the food services operations of the school division.

School Communication Towers/Technology – accounts for the rent receipts (long-term contracts with telecommunication companies) relating to the communication towers constructed on School Board property and technology related expenditures.

School Vending Operations – accounts for the receipts (long-term exclusive contract with a vending company) relating to the bottled drinks vending operations of the school division and expenditures (including school-level allocations).

School Equipment Replacement – accounts for the financing (e.g., local government) and acquisition of various replacement equipment.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2012
with comparative totals for June 30, 2011

	School Cafeterias	Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals	
					2012	2011
ASSETS						
Cash and Investments	\$ 2,583,766	\$ 2,587,906	\$ 308,015	\$ 1,810,166	\$ 7,289,853	\$ 8,187,611
Accounts Receivable	13,892	-	-	-	13,892	15,172
Due from Federal Government	2,197,032	-	-	-	2,197,032	754,259
Inventories	968,251	-	-	-	968,251	1,012,962
Prepaid Items	4,345	-	-	-	4,345	1,450
TOTAL ASSETS	\$ 5,767,286	\$ 2,587,906	\$ 308,015	\$ 1,810,166	\$ 10,473,373	\$ 9,971,454
LIABILITIES AND FUND BALANCES						
Liabilities:						
Salaries Payable	\$ 917,093	\$ -	\$ 42	\$ -	\$ 917,135	\$ 1,023,689
Vouchers and Accounts Payable	16,619	33,740	465	-	50,824	225,775
Deposits Payable	-	55,000	-	-	55,000	55,000
Deferred Revenue	458,078	16,667	-	-	474,745	400,084
TOTAL LIABILITIES	\$ 1,391,790	\$ 105,407	\$ 507	\$ -	\$ 1,497,704	\$ 1,704,548
Fund Balances:						
Nonspendable	\$ 972,596	\$ -	\$ -	\$ -	\$ 972,596	\$ 1,014,413
Restricted	3,402,900	-	-	-	3,402,900	2,702,932
Assigned	-	2,482,499	307,508	1,810,166	4,600,173	4,549,561
TOTAL FUND BALANCES	\$ 4,375,496	\$ 2,482,499	\$ 307,508	\$ 1,810,166	\$ 8,975,669	\$ 8,266,906
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,767,286	\$ 2,587,906	\$ 308,015	\$ 1,810,166	\$ 10,473,373	\$ 9,971,454

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
with comparative totals for the fiscal year ended June 30, 2011

	School Cafeterias C-3	Communication Towers/ Technology C-4	School Vending Operations C-5	School Equipment Replacement C-6	Totals	
					2012	2011
<u>REVENUES</u>						
From Use of Money and Property	\$ 9,158	\$ 448,859	\$ 860	\$ 4,962	\$ 463,839	\$ 459,126
Charges for Services	12,564,893	-	192,550	-	12,757,443	13,376,825
Miscellaneous	207,373	-	-	-	207,373	131,232
From Commonwealth	489,788	-	-	-	489,788	486,856
From Federal Government	13,867,218	-	-	-	13,867,218	13,194,628
Total Revenues	<u>\$ 27,138,430</u>	<u>\$ 448,859</u>	<u>\$ 193,410</u>	<u>\$ 4,962</u>	<u>\$ 27,785,661</u>	<u>\$ 27,648,667</u>
<u>EXPENDITURES</u>						
Current:						
Instruction	\$ -	\$ -	\$ 334,413	\$ -	\$ 334,413	\$ 474,473
Cafeterias	26,474,564	-	-	-	26,474,564	25,899,229
Technology	5,715	262,206	-	-	267,921	198,596
Total Expenditures	<u>\$ 26,480,279</u>	<u>\$ 262,206</u>	<u>\$ 334,413</u>	<u>\$ -</u>	<u>\$ 27,076,898</u>	<u>\$ 26,572,298</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>						
	<u>\$ 658,151</u>	<u>\$ 186,653</u>	<u>\$ (141,003)</u>	<u>\$ 4,962</u>	<u>\$ 708,763</u>	<u>\$ 1,076,369</u>
<u>NET CHANGES IN FUND BALANCES</u>						
	<u>\$ 658,151</u>	<u>\$ 186,653</u>	<u>\$ (141,003)</u>	<u>\$ 4,962</u>	<u>\$ 708,763</u>	<u>\$ 1,076,369</u>
<u>FUND BALANCES - JULY 1</u>	<u>3,717,345</u>	<u>2,295,846</u>	<u>448,511</u>	<u>1,805,204</u>	<u>8,266,906</u>	<u>7,190,537</u>
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 4,375,496</u>	<u>\$ 2,482,499</u>	<u>\$ 307,508</u>	<u>\$ 1,810,166</u>	<u>\$ 8,975,669</u>	<u>\$ 8,266,906</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL CAFETERIAS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
REVENUES					
From Use of Money and Property	\$ 36,000	\$ 36,000	\$ 9,158	\$ (26,842)	\$ 8,386
Charges for Services	14,240,472	14,240,472	12,564,893	(1,675,579)	13,145,182
Miscellaneous	140,000	140,000	207,373	67,373	131,232
From Commonwealth	330,000	330,000	489,788	159,788	486,856
From Federal Government	12,596,628	12,596,628	13,867,218	1,270,590	13,194,628
Total Revenues	<u>\$ 27,343,100</u>	<u>\$ 27,343,100</u>	<u>\$ 27,138,430</u>	<u>\$ (204,670)</u>	<u>\$ 26,966,284</u>
EXPENDITURES					
<u>Cafeterias</u>					
Personnel Services	\$ 8,974,135	\$ 8,974,135	\$ 8,185,594	\$ 788,541	\$ 8,190,584
Fringe Benefits	3,955,473	3,955,473	3,384,692	570,781	3,520,179
Purchased Services	278,416	278,416	374,704	(96,288)	399,060
Other Charges	83,280	83,280	68,033	15,247	52,709
Materials and Supplies	14,402,972	14,426,318	14,420,755	5,563	13,658,374
Capital Outlay	2,256	2,564	40,786	(38,222)	78,323
Total Cafeterias	<u>\$ 27,696,532</u>	<u>\$ 27,720,186</u>	<u>\$ 26,474,564</u>	<u>\$ 1,245,622</u>	<u>\$ 25,899,229</u>
<u>Technology</u>					
Materials and Supplies	-	-	5,715	(5,715)	4,932
Total Expenditures	<u>\$ 27,696,532</u>	<u>\$ 27,720,186</u>	<u>\$ 26,480,279</u>	<u>\$ 1,239,907</u>	<u>\$ 25,904,161</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)					
<u>EXPENDITURES</u>	<u>\$ (353,432)</u>	<u>\$ (377,086)</u>	<u>\$ 658,151</u>	<u>\$ 1,035,237</u>	<u>\$ 1,062,123</u>
FUND BALANCE - JULY 1	3,717,345	3,717,345	3,717,345	-	2,655,222
FUND BALANCE - JUNE 30	<u>\$ 3,363,913</u>	<u>\$ 3,340,259</u>	<u>\$ 4,375,496</u>	<u>\$ 1,035,237</u>	<u>\$ 3,717,345</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL COMMUNICATION TOWERS/TECHNOLOGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 260,000	\$ 260,000	\$ 448,859	\$ 188,859	\$ 442,190
<u>EXPENDITURES</u>					
Technology					
Purchased Services	\$ -	\$ 104,880	\$ 121,055	\$ (16,175)	\$ -
Materials and Supplies	-	117,130	129,071	(11,941)	193,664
Capital Outlay	585,000	591,040	12,080	578,960	-
Total Expenditures	\$ 585,000	\$ 813,050	\$ 262,206	\$ 550,844	\$ 193,664
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>					
	\$ (325,000)	\$ (553,050)	\$ 186,653	\$ 739,703	\$ 248,526
<u>NET CHANGE IN FUND BALANCE</u>	\$ (325,000)	\$ (553,050)	\$ 186,653	\$ 739,703	\$ 248,526
<u>FUND BALANCE - JULY 1</u>	2,295,846	2,295,846	2,295,846	-	2,047,320
<u>FUND BALANCE - JUNE 30</u>	\$ 1,970,846	\$ 1,742,796	\$ 2,482,499	\$ 739,703	\$ 2,295,846

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL VENDING OPERATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ 10,000	\$ 10,000	\$ 860	\$ (9,140)	\$ 1,621
Charges for Services	<u>180,000</u>	<u>180,000</u>	<u>192,550</u>	<u>12,550</u>	<u>231,643</u>
Total Revenues	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 193,410</u>	<u>\$ 3,410</u>	<u>\$ 233,264</u>
<u>EXPENDITURES</u>					
<u>Instruction</u>					
Other Charges	\$ 188,371	\$ 188,371	\$ 301,255	\$ (112,884)	\$ 301,255
Materials and Supplies	11,550	11,550	914	10,636	1,048
Capital Outlay	<u>127,090</u>	<u>134,996</u>	<u>32,244</u>	<u>102,752</u>	<u>14,186</u>
Total Expenditures	<u>\$ 327,011</u>	<u>\$ 334,917</u>	<u>\$ 334,413</u>	<u>\$ 504</u>	<u>\$ 316,489</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</u>					
EXPENDITURES	<u>\$ (137,011)</u>	<u>\$ (144,917)</u>	<u>\$ (141,003)</u>	<u>\$ 3,914</u>	<u>\$ (83,225)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (137,011)</u>	<u>\$ (144,917)</u>	<u>\$ (141,003)</u>	<u>\$ 3,914</u>	<u>\$ (83,225)</u>
<u>FUND BALANCE - JULY 1</u>	<u>448,511</u>	<u>448,511</u>	<u>448,511</u>	<u>-</u>	<u>531,736</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 311,500</u>	<u>\$ 303,594</u>	<u>\$ 307,508</u>	<u>\$ 3,914</u>	<u>\$ 448,511</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
with comparative actual amounts for the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)	2011 Actual
<u>REVENUES</u>					
From Use of Money and Property	\$ -	\$ -	\$ 4,962	\$ 4,962	\$ 6,929
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,962</u>	<u>\$ 4,962</u>	<u>\$ 6,929</u>
<u>EXPENDITURES</u>					
<u>Instruction</u>					
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ 157,984
Total Instruction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,984</u>
<u>Technology</u>					
Materials and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,984</u>
<u>EXCESS (DEFICIENCY) OF</u>					
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,962</u>	<u>\$ 4,962</u>	<u>\$ (151,055)</u>
<u>NET CHANGE IN FUND BALANCE</u>					
<u>FUND BALANCE - JULY 1</u>	<u>1,805,204</u>	<u>1,805,204</u>	<u>1,805,204</u>	<u>-</u>	<u>1,956,259</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,805,204</u>	<u>\$ 1,805,204</u>	<u>\$ 1,810,166</u>	<u>\$ 4,962</u>	<u>\$ 1,805,204</u>



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INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the governmental unit (and to other governmental units), on a cost reimbursement basis. The School Board has established Internal Service Funds for the following activities:

***School Risk Management* - provides insurance and the administration thereof for the School Board.**

***School Health Insurance* - provides health insurance and the administration thereof for the School Board and City employees.**

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012
with comparative totals for June 30, 2011

	School Risk Management	School Health Insurance	Totals	
			2012	2011
ASSETS				
Current Assets:				
Cash and Investments	\$ 8,982,700	\$ 32,823,889	\$ 41,806,589	\$ 56,834,438
Accounts Receivable	-	380,419	380,419	354,958
Due from Commonwealth	-	-	-	87,538
Due from Federal Government	-	-	-	3,441
Prepaid Items	<u>82,252</u>	<u>-</u>	<u>82,252</u>	<u>2,136,302</u>
TOTAL ASSETS	\$ 9,064,952	\$ 33,204,308	\$ 42,269,260	\$ 59,416,677
LIABILITIES				
Current Liabilities:				
Salaries Payable	\$ 302	\$ 1,345	\$ 1,647	\$ 149
Vouchers and Accounts Payable	209,355	470,292	679,647	2,571,949
Unearned Revenue	-	5,648,756	5,648,756	5,639,567
Estimated Claims and Judgments (due within one year)	<u>5,914,500</u>	<u>6,504,750</u>	<u>12,419,250</u>	<u>10,769,507</u>
Total Current Liabilities	<u>\$ 6,124,157</u>	<u>\$ 12,625,143</u>	<u>\$ 18,749,300</u>	<u>\$ 18,981,172</u>
Noncurrent Liabilities:				
Estimated Claims and Judgments (due in more than one year)	<u>1,971,500</u>	<u>2,168,250</u>	<u>4,139,750</u>	<u>3,589,835</u>
TOTAL LIABILITIES	<u>\$ 8,095,657</u>	<u>\$ 14,793,393</u>	<u>\$ 22,889,050</u>	<u>\$ 22,571,007</u>
NET ASSETS				
Unrestricted	<u>\$ 969,295</u>	<u>\$ 18,410,915</u>	<u>\$ 19,380,210</u>	<u>\$ 36,845,670</u>
TOTAL NET ASSETS	<u>\$ 969,295</u>	<u>\$ 18,410,915</u>	<u>\$ 19,380,210</u>	<u>\$ 36,845,670</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
with comparative totals for the year ended June 30, 2011

	School Risk Management	School Health Insurance	Totals	
			2012	2011
<u>OPERATING REVENUES</u>				
Charges for Services	\$ 6,347,582	\$ 106,924,273	\$ 113,271,855	\$ 115,395,901
Miscellaneous Revenue	64,215	-	64,215	58,973
Total Operating Revenues	<u>\$ 6,411,797</u>	<u>\$ 106,924,273</u>	<u>\$ 113,336,070</u>	<u>\$ 115,454,874</u>
<u>OPERATING EXPENSES</u>				
Personnel Services	\$ 324,359	\$ 219,691	\$ 544,050	\$ 552,934
Fringe Benefits	87,962	65,299	153,261	148,956
Other Charges	6,038,595	118,744,637	124,783,232	115,312,119
Total Operating Expenses	<u>\$ 6,450,916</u>	<u>\$ 119,029,627</u>	<u>\$ 125,480,543</u>	<u>\$ 116,014,009</u>
<u>OPERATING INCOME (LOSS)</u>	<u>\$ (39,119)</u>	<u>\$ (12,105,354)</u>	<u>\$ (12,144,473)</u>	<u>\$ (559,135)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
From Federal Government	\$ 51,391	\$ 1,034	\$ 52,425	\$ 46,965
From Commonwealth	12,334	-	12,334	-
To Local Government	-	-	-	(14,500,000)
Transfers Out-General Fund	(5,500,000)	-	(5,500,000)	-
Interest Income	24,808	89,446	114,254	263,593
Total Nonoperating Revenues (Expenses)	<u>\$ (5,411,467)</u>	<u>\$ 90,480</u>	<u>\$ (5,320,987)</u>	<u>\$ (14,189,442)</u>
<u>CHANGES IN NET ASSETS</u>	<u>\$ (5,450,586)</u>	<u>\$ (12,014,874)</u>	<u>\$ (17,465,460)</u>	<u>\$ (14,748,577)</u>
<u>TOTAL NET ASSETS - JULY 1</u>	<u>6,419,881</u>	<u>30,425,789</u>	<u>36,845,670</u>	<u>51,594,247</u>
<u>TOTAL NET ASSETS - JUNE 30</u>	<u>\$ 969,295</u>	<u>\$ 18,410,915</u>	<u>\$ 19,380,210</u>	<u>\$ 36,845,670</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
with comparative totals for the year ended June 30, 2011

	School Risk Management	School Health Insurance	Totals	
			2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers and Users				
Payments to Vendors for Goods/Services	\$ 6,411,797	\$ 106,998,980	\$ 113,410,777	\$ 115,219,456
Payments to Employees for Services	(4,692,248)	(117,729,578)	(122,421,826)	(119,160,498)
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,307,427</u>	<u>\$ (11,014,289)</u>	<u>\$ (9,706,862)</u>	<u>\$ (4,644,108)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Receipt from Federal Government	\$ 51,391	\$ 1,034	\$ 52,425	\$ 46,965
Receipt from Commonwealth	12,334	-	12,334	-
Payment to Local Government	-	-	-	(14,500,000)
Transfers Out-General Fund	<u>(5,500,000)</u>	-	<u>(5,500,000)</u>	-
Net Cash From Noncapital Financing Activities	<u>\$ (5,436,275)</u>	<u>\$ 1,034</u>	<u>\$ (5,435,241)</u>	<u>\$ (14,453,035)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Received on Investments	<u>\$ 24,808</u>	<u>\$ 89,446</u>	<u>\$ 114,254</u>	<u>\$ 263,593</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS				
	\$ (4,104,040)	\$ (10,923,809)	\$ (15,027,849)	\$ (18,833,550)
CASH AND INVESTMENTS. BEGINNING OF YEAR				
	<u>13,086,740</u>	<u>43,747,698</u>	<u>56,834,438</u>	<u>75,667,988</u>
CASH AND INVESTMENTS. END OF YEAR				
	<u>\$ 8,982,700</u>	<u>\$ 32,823,889</u>	<u>\$ 41,806,589</u>	<u>\$ 56,834,438</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	<u>\$ (39,119)</u>	<u>\$ (12,105,354)</u>	<u>\$ (12,144,473)</u>	<u>\$ (559,135)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
(Increase) Decrease in Assets				
Accounts Receivable	\$ -	\$ (25,461)	\$ (25,461)	\$ (345,333)
Due from Commonwealth	-	87,538	87,538	50,195
Due from Federal Government	-	3,441	3,441	29,611
Prepaid Items	<u>2,054,050</u>	-	<u>2,054,050</u>	<u>(2,065,609)</u>
Increase (Decrease) in Liabilities				
Salaries Payable	199	1,299	1,498	(1,176)
Vouchers and Accounts Payable	<u>(1,805,361)</u>	<u>(86,941)</u>	<u>(1,892,302)</u>	<u>(2,307,882)</u>
Unearned Revenue	-	9,189	9,189	30,109
Estimated Claims and Judgments	<u>1,097,658</u>	<u>1,102,000</u>	<u>2,199,658</u>	<u>525,112</u>
Total Adjustments	<u>\$ 1,346,546</u>	<u>\$ 1,091,065</u>	<u>\$ 2,437,611</u>	<u>\$ (4,084,973)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,307,427</u>	<u>\$ (11,014,289)</u>	<u>\$ (9,706,862)</u>	<u>\$ (4,644,108)</u>

AGENCY FUNDS

The Agency Funds are used to account for the assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets equal liabilities). The School Board has the following Agency Funds:

***Payroll Deductions* - accounts for employee payroll deductions.**

***Fringe Benefits* - accounts for the School Board contributions for certain fringe benefits (e.g., life insurance, retirement).**

***School Activity Accounts* - accounts for the individual school activity accounts.**

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
PAYROLL DEDUCTIONS				
ASSETS				
Cash and Investments	\$ 4,135,130	\$ 125,512,794	\$ 128,433,070	\$ 1,214,854
Accounts Receivable	172	-	172	-
TOTAL ASSETS	\$ 4,135,302	\$ 125,512,794	\$ 128,433,242	\$ 1,214,854
LIABILITIES				
Vouchers and Accounts Payable	<u>\$ 4,135,302</u>	<u>\$ 125,512,794</u>	<u>\$ 128,433,242</u>	<u>\$ 1,214,854</u>
FRINGE BENEFITS				
ASSETS				
Cash and Investments	\$ 5,520,791	\$ 98,095,145	\$ 98,733,661	\$ 4,882,275
LIABILITIES				
Vouchers and Accounts Payable	<u>\$ 5,520,791</u>	<u>\$ 98,095,145</u>	<u>\$ 98,733,661</u>	<u>\$ 4,882,275</u>
SCHOOL ACTIVITY ACCOUNTS				
ASSETS				
Cash and Investments	\$ 3,785,835	\$ 13,225,381	\$ 13,255,958	\$ 3,755,258
LIABILITIES				
Vouchers and Accounts Payable	<u>\$ 3,785,835</u>	<u>\$ 13,225,381</u>	<u>\$ 13,255,958</u>	<u>\$ 3,755,258</u>
TOTAL - AGENCY FUNDS				
ASSETS				
Cash and Investments	\$ 13,441,756	\$ 236,833,320	\$ 240,422,689	\$ 9,852,387
Accounts Receivable	172	-	172	-
TOTAL ASSETS	\$ 13,441,928	\$ 236,833,320	\$ 240,422,861	\$ 9,852,387
LIABILITIES				
Vouchers and Accounts Payable	<u>\$ 13,441,928</u>	<u>\$ 236,833,320</u>	<u>\$ 240,422,861</u>	<u>\$ 9,852,387</u>
TOTAL LIABILITIES	<u>\$ 13,441,928</u>	<u>\$ 236,833,320</u>	<u>\$ 240,422,861</u>	<u>\$ 9,852,387</u>

STATISTICAL SECTION

This part of the School Board of the City of Virginia Beach Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School Board's financial health.

<u>Contents</u>	<u>Tables</u>
Financial Trends	1 – 10
These tables contain trend information to help the reader understand how the School Board's financial performance and well-being have changed over time.	
Operating Information	11 – 24
These tables contain service and infrastructure data to help the reader understand how the information in the School Board's financial report relates to the services the School Board provides and the activities it performs.	
Demographic and Economic Information	25 – 29
These tables offer demographic and economic indicators to help the reader understand the environment within which the School Board's financial activities take place.	
Revenue Capacity	30 – 33
These tables contain information to help the reader assess the factors affecting the City's ability to generate property taxes. Additional information can be found in the City of Virginia Beach Comprehensive Annual Financial Report.	
Debt Capacity	34 – 35
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. Additional information can be found in the City of Virginia Beach Comprehensive Annual Financial Report.	

Sources: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Report for the relevant year.

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE NET ASSETS BY COMPONENT
Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
<u>NET ASSETS</u>				
Invested in Capital Assets	\$ 173,390,491	\$ 199,502,424	\$ 249,301,625	\$ 277,400,599
Restricted for:				
Capital Projects	46,355,516	48,015,632	48,449,451	64,359,412
Grants	841,912	894,544	924,505	769,517
Cafeterias	-	-	-	-
Textbooks	-	-	-	-
Unrestricted	<u>16,736,460</u>	<u>16,551,947</u>	<u>22,600,519</u>	<u>30,462,346</u>
TOTAL NET ASSETS	<u>\$ 237,324,379</u>	<u>\$ 264,964,547</u>	<u>\$ 321,276,100</u>	<u>\$ 372,991,874</u>

Table 1

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 316,759,489	\$ 337,880,626	\$ 384,102,886	\$ 411,565,763	\$ 449,745,865	\$ 484,947,961
65,850,137	81,794,572	69,172,375	60,912,528	20,622,399	5,465,425
588,734	578,724	674,003	893,092	903,582	1,205,050
-	-	-	-	2,702,932	3,402,900
-	-	-	-	22,042,950	17,964,543
<u>45,933,553</u>	<u>60,867,058</u>	<u>88,547,813</u>	<u>98,003,621</u>	<u>78,081,876</u>	<u>25,924,228</u>
<u>\$ 429,131,913</u>	<u>\$ 481,120,980</u>	<u>\$ 542,497,077</u>	<u>\$ 571,375,004</u>	<u>\$ 574,099,604</u>	<u>\$ 538,910,107</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE CHANGES IN NET ASSETS
Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental Activities:				
Instruction	\$ 449,909,068	\$ 470,564,728	\$ 488,199,561	\$ 517,979,616
Admin, Attendance, & Health	17,345,980	18,825,783	19,724,530	20,125,163
Pupil Transportation	20,796,431	22,562,797	25,832,870	27,183,720
Operations and Maintenance	79,552,283	80,250,298	77,268,466	89,576,446
Cafeterias	19,982,667	20,925,959	22,084,424	22,767,136
Technology	-	-	-	-
Debt Service	-	-	-	-
Total Expenses	<u>\$ 587,586,429</u>	<u>\$ 613,129,565</u>	<u>\$ 633,109,851</u>	<u>\$ 677,632,081</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 3,837,736	\$ 4,159,427	\$ 4,600,297	\$ 4,537,352
Operations and Maintenance	-	-	-	-
Cafeterias	10,999,327	11,541,231	12,150,115	12,698,749
Technology	-	-	-	-
Operating Grants and Contributions				
Contributions	92,260,664	98,775,611	112,724,410	121,182,452
Capital Grants and Contributions	13,298,383	12,210,734	13,064,667	12,811,040
Total Program Revenues	<u>\$ 120,396,110</u>	<u>\$ 126,687,003</u>	<u>\$ 142,539,489</u>	<u>\$ 151,229,593</u>
Net Expenses	<u>\$ (467,190,319)</u>	<u>\$ (486,442,562)</u>	<u>\$ (490,570,362)</u>	<u>\$ (526,402,488)</u>
General Revenues:				
Local Sources:				
Local Government	\$ 273,276,664	\$ 279,216,604	\$ 283,549,713	\$ 313,396,238
Miscellaneous	163,587	200,090	152,251	261,141
Federal and State Aid not Restricted to Specific Purposes:				
State Basic Aid	159,563,492	162,367,121	181,785,490	176,296,388
State Sales Tax	51,447,271	55,338,502	64,861,559	70,134,239
Federal Impact Aid	18,928,205	16,543,544	15,162,530	14,838,644
Interest Earnings	164,290	416,869	1,370,372	3,191,612
Total General Revenues	<u>\$ 503,543,509</u>	<u>\$ 514,082,730</u>	<u>\$ 546,881,915</u>	<u>\$ 578,118,262</u>
Change in Net Assets	<u>\$ 36,353,190</u>	<u>\$ 27,640,168</u>	<u>\$ 56,311,553</u>	<u>\$ 51,715,774</u>

Note: Beginning in fiscal year 2010, the Technology governmental activity is separately reported. Financial information for fiscal years prior to 2010 is not available.

Beginning in fiscal year 2012, the Debt Service governmental activity is reported with a corresponding increase in the General Revenues/Local Government funding source. Financial information for fiscal years prior to 2012 is not reported, as it was previously reported by the Local Government.

Table 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 600,453,668	\$ 609,866,678	\$ 602,074,151	\$ 574,177,165	\$ 567,568,792	\$ 573,843,860
20,799,559	21,304,108	20,480,010	19,076,315	18,401,916	19,526,549
29,714,501	31,593,740	31,046,691	31,772,212	36,105,660	34,922,875
95,849,815	105,258,243	106,804,955	90,426,163	93,664,818	93,706,524
24,028,248	25,435,324	25,803,414	26,140,730	26,113,779	27,294,432
-	-	-	32,344,399	44,830,758	47,835,843
-	-	-	-	-	44,337,710
<u>\$ 770,845,791</u>	<u>\$ 793,458,093</u>	<u>\$ 786,209,221</u>	<u>\$ 773,936,984</u>	<u>\$ 786,685,723</u>	<u>\$ 841,467,793</u>
\$ 4,007,024	\$ 3,757,993	\$ 3,134,713	\$ 2,756,285	\$ 3,185,029	\$ 3,212,855
-	-	440,686	422,026	367,908	332,257
13,372,457	13,711,915	14,126,748	13,480,969	13,276,414	12,772,266
-	-	-	370,529	438,046	447,530
139,853,815	143,803,458	133,607,276	143,007,213	146,074,200	150,105,153
11,859,375	11,275,914	11,075,378	9,445,175	9,710,467	1,812,470
<u>\$ 169,092,671</u>	<u>\$ 172,549,280</u>	<u>\$ 162,384,801</u>	<u>\$ 169,482,197</u>	<u>\$ 173,052,064</u>	<u>\$ 168,682,531</u>
<u>\$ (601,753,120)</u>	<u>\$ (620,908,813)</u>	<u>\$ (623,824,420)</u>	<u>\$ (604,454,787)</u>	<u>\$ (613,633,659)</u>	<u>\$ (672,785,262)</u>
\$ 367,354,176	\$ 383,315,703	\$ 384,210,051	\$ 361,465,466	\$ 371,517,109	\$ 387,531,252
402,152	340,667	461,504	6,283,791	964,435	946,610
196,584,793	193,474,314	217,584,685	181,102,083	159,342,761	165,011,640
72,151,255	72,904,963	69,168,038	66,688,947	70,058,126	72,266,667
16,834,283	18,404,950	11,437,201	17,057,468	13,987,750	11,630,646
4,566,500	4,457,283	2,339,038	734,959	488,078	208,950
<u>\$ 657,893,159</u>	<u>\$ 672,897,880</u>	<u>\$ 685,200,517</u>	<u>\$ 633,332,714</u>	<u>\$ 616,358,259</u>	<u>\$ 637,595,765</u>
<u>\$ 56,140,039</u>	<u>\$ 51,989,067</u>	<u>\$ 61,376,097</u>	<u>\$ 28,877,927</u>	<u>\$ 2,724,600</u>	<u>\$ (35,189,497)</u>

Table 3

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Ten Fiscal Years

Fiscal Year	Total Expenses	Administration, Attendance & Health			Pupil Transportation %	Operations and Maintenance %			Cafeterias %	Technology %
		Instruction	%	& Health		Maintenance	%			
2003	\$587,586,429	\$449,909,068	76.6	\$17,345,980	3.0	\$20,796,431	3.5	\$79,552,283	13.5	\$19,982,667
2004	613,129,565	470,564,728	76.7	18,825,783	3.1	22,562,797	3.7	80,250,298	13.1	20,925,959
2005	633,109,851	488,199,561	77.1	19,724,530	3.1	25,832,870	4.1	77,268,466	12.2	22,084,424
2006	677,632,081	517,979,616	76.4	20,125,163	3.0	27,183,720	4.0	89,576,446	13.2	22,767,136
2007	770,845,791	600,453,668	77.9	20,799,559	2.7	29,714,501	3.9	95,849,815	12.4	24,028,248
2008	793,458,093	609,866,678	76.9	21,304,108	2.7	31,593,740	4.0	105,258,243	13.3	25,435,324
2009	786,209,221	602,074,151	76.6	20,480,010	2.6	31,046,691	3.9	106,804,955	13.6	25,803,414
2010	773,936,984	574,177,165	74.2	19,076,315	2.5	31,772,212	4.1	90,426,163	11.7	26,140,730
2011	786,685,723	567,568,792	72.1	18,401,916	2.3	36,105,660	4.6	93,664,818	11.9	26,113,779
2012	841,467,793	573,843,860	68.2	19,526,549	2.3	34,922,875	4.2	93,706,524	11.1	27,294,432
									3.2	47,835,843
										5.7

Note: Beginning in fiscal year 2010, the Technology governmental activity is separately reported. Financial information for fiscal years prior to 2010 is not available.

Beginning in fiscal year 2012, the Debt Service governmental activity is reported with a corresponding increase in the General Revenues/Local Government funding source. Financial information for fiscal years prior to 2012 is not reported, as it was previously reported by the Local Government.

Fiscal Year	Debt Service	%
2003	\$ -	-
2004	-	-
2005	-	-
2006	-	-
2007	-	-
2008	-	-
2009	-	-
2010	-	-
2011	-	-
2012	44,337,710	5.3

Table 4

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENT-WIDE REVENUES
Last Ten Fiscal Years

Fiscal Year	Total Revenues	Program Revenues				General Revenues					
		Charges for Services*		Operating and Capital Grants and Contributions		Federal and State Aid**			Interest Earnings		
		%	%			%	%			%	%
2003	\$623,939,619	\$14,837,063	2.4	\$105,559,047	16.9	\$273,440,251	43.8	\$229,938,968	36.9	\$164,290	0.0
2004	640,769,733	15,700,658	2.5	110,986,345	17.3	279,416,694	43.6	234,249,167	36.6	416,869	0.0
2005	689,421,404	16,750,412	2.4	125,789,077	18.2	283,701,964	41.2	261,809,579	38.0	1,370,372	0.2
2006	729,347,855	17,236,101	2.4	133,993,492	18.4	313,657,379	43.0	261,269,271	35.8	3,191,612	0.4
2007	826,985,830	17,379,481	2.1	151,713,190	18.3	367,756,328	44.5	285,570,331	34.5	4,566,500	0.6
2008	845,447,160	17,469,908	2.1	155,079,372	18.3	383,656,370	45.4	284,784,227	33.7	4,457,283	0.5
2009	847,585,318	17,702,147	2.1	144,682,654	17.1	384,671,555	45.4	298,189,924	35.2	2,339,038	0.2
2010	802,814,911	17,029,809	2.1	152,452,388	19.0	367,749,257	45.8	264,848,498	33.0	734,959	0.1
2011	789,410,323	17,267,397	2.2	155,784,667	19.7	372,481,544	47.2	243,388,637	30.8	488,078	0.1
2012	806,278,296	16,764,908	2.1	151,917,623	18.8	388,477,862	48.2	248,908,953	30.9	208,950	0.0

* See Table 2 for Charges for Services categories

** Not restricted to specific programs

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
<u>General Fund:</u>				
Reserved for:				
<i>Encumbrances</i>	\$ 14,590,008	\$ 11,330,557	\$ 10,279,890	\$ 9,707,917
<i>Prepaid Items</i>	321,672	127,352	280,593	351,056
<i>Nonspendable</i>	-	-	-	-
<i>Assigned</i>	-	-	-	-
Total Fund Balance - General Fund	<u>\$ 14,911,680</u>	<u>\$ 11,457,909</u>	<u>\$ 10,560,483</u>	<u>\$ 10,058,973</u>
<u>All Other Governmental Funds:</u>				
Reserved for:				
<i>Encumbrances</i>	\$ 28,020,809	\$ 23,288,535	\$ 14,754,992	\$ 42,519,718
<i>Inventories</i>	656,055	576,862	794,625	1,100,624
<i>Prepaid Items</i>	85,117	86,393	88,975	141,226
Unreserved, reported in:				
<i>Designated:</i>				
<i>Capital Projects Fund</i>	20,131,025	25,060,883	34,954,057	22,059,878
<i>Special Revenue Funds</i>	6,193,542	7,559,711	10,736,104	9,497,143
<i>Undesignated:</i>				
<i>Special Revenue Funds</i>	4,864,457	6,703,624	11,852,225	22,074,961
<i>Nonspendable</i>	-	-	-	-
<i>Restricted</i>	-	-	-	-
<i>Committed</i>	-	-	-	-
<i>Assigned</i>	-	-	-	-
Total Fund Balance - Other Governmental Funds	<u>\$ 59,951,005</u>	<u>\$ 63,276,008</u>	<u>\$ 73,180,978</u>	<u>\$ 97,393,550</u>

Note: Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the above fund balance classifications (*in italics*), was adopted by the School Board as of July 1, 2010. Hence, the financial information for fiscal years prior to 2011 is not available.

Table 5

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 15,229,736 338,420	\$ 10,062,745 348,816	\$ 15,420,804 430,209	\$ 17,799,721 232,296	\$ 600,039 31,918,365	\$ 357,968 11,626,203
<u>\$ 15,568,156</u>	<u>\$ 10,411,561</u>	<u>\$ 15,851,013</u>	<u>\$ 18,032,017</u>	<u>\$ 32,518,404</u>	<u>\$ 11,984,171</u>
\$ 25,662,390 1,275,145 137,640	\$ 64,421,034 1,323,099 137,670	\$ 33,532,579 1,207,205 92,279	\$ 64,124,641 928,866 50,794		
40,511,332 9,716,650	17,485,107 6,915,613	35,699,416 8,365,033	102,796 10,570,187		
22,277,792	30,350,756	35,185,104	35,535,768		
-	-	-	-	\$ 1,014,413	\$ 972,596
-	-	-	-	46,271,863	28,037,918
-	-	-	-	23,487,476	9,055,815
-	-	-	-	4,549,561	4,600,173
<u>\$ 99,580,949</u>	<u>\$ 120,633,279</u>	<u>\$ 114,081,616</u>	<u>\$ 111,313,052</u>	<u>\$ 75,323,313</u>	<u>\$ 42,666,502</u>

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
REVENUES				
From Use of Money and Property	\$ 888,044	\$ 1,132,557	\$ 2,176,173	\$ 3,971,256
Charges for Services	13,429,440	14,111,106	15,064,342	15,698,680
Miscellaneous	865,623	1,083,770	1,378,147	1,575,604
From Local Government	273,276,664	279,216,604	283,549,713	313,396,238
From Commonwealth	280,860,686	289,062,443	328,292,202	336,272,205
From Federal Government	54,619,162	56,163,253	58,960,827	58,433,872
Total Revenues	<u>\$ 623,939,619</u>	<u>\$ 640,769,733</u>	<u>\$ 689,421,404</u>	<u>\$ 729,347,855</u>
EXPENDITURES				
Current:				
Instruction	\$ 433,864,731	\$ 464,395,393	\$ 501,882,687	\$ 516,678,731
Admin, Attendance, & Health	17,046,058	18,359,783	19,004,766	19,630,600
Pupil Transportation	20,653,630	24,850,664	24,142,000	25,929,481
Operations and Maintenance	77,801,673	79,627,809	75,512,186	89,654,919
Cafeterias	19,888,816	20,891,411	21,859,248	22,790,369
Technology	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	26,466,984	32,773,441	38,012,973	30,952,693
Total Expenditures	<u>\$ 595,721,892</u>	<u>\$ 640,898,501</u>	<u>\$ 680,413,860</u>	<u>\$ 705,636,793</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>\$ 28,217,727</u>	<u>\$ (128,768)</u>	<u>\$ 9,007,544</u>	<u>\$ 23,711,062</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 7,107,182	\$ 9,088,705	\$ 9,558,953	\$ 15,633,190
Transfers Out	(7,107,182)	(9,088,705)	(9,558,953)	(15,633,190)
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES				
	<u>\$ 28,217,727</u>	<u>\$ (128,768)</u>	<u>\$ 9,007,544</u>	<u>\$ 23,711,062</u>

Note: Beginning in fiscal year 2010, the Technology category is separately reported.

Beginning in fiscal year 2011, Sale of Capital Assets is separately reported and the Cafeterias category is separately reported retroactively. Financial information relating to the Technology category and Sale of Capital Assets for fiscal years prior to 2010 and 2011, respectively, is not available.

Beginning in fiscal year 2012, the Debt Service category is reported with a corresponding increase in the Local Government funding source. Financial information for fiscal years prior to 2012 is not reported, as it was previously reported by the Local Government.

Table 6

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 5,366,067	\$ 5,235,264	\$ 3,146,373	\$ 1,527,514	\$ 1,045,325	\$ 901,726
15,773,901	15,916,990	16,192,326	15,542,788	15,173,514	14,540,665
1,649,927	1,708,877	1,544,296	6,983,533	2,080,042	2,421,968
367,354,176	383,315,703	384,210,051	361,465,466	371,517,109	387,531,252
375,581,848	377,306,856	385,248,073	330,863,697	309,842,580	315,182,365
61,259,911	61,963,470	57,244,199	86,431,913	89,256,381	85,478,252
<u>\$ 826,985,830</u>	<u>\$ 845,447,160</u>	<u>\$ 847,585,318</u>	<u>\$ 802,814,911</u>	<u>\$ 788,914,951</u>	<u>\$ 806,056,228</u>
\$ 582,691,565	\$ 583,207,135	\$ 585,463,504	\$ 552,368,410	\$ 535,455,491	\$ 548,953,371
20,558,582	20,992,318	20,264,766	18,988,180	18,279,083	19,064,917
32,095,470	34,308,536	33,354,153	31,579,245	34,411,971	29,582,245
95,717,780	107,558,378	110,441,124	91,466,557	96,905,759	93,526,365
24,247,958	25,790,724	26,084,462	25,983,743	25,899,229	26,474,564
-	-	-	30,462,146	43,577,282	45,877,615
-	-	-	-	-	44,337,710
<u>63,977,893</u>	<u>57,694,334</u>	<u>73,089,520</u>	<u>52,554,190</u>	<u>56,384,860</u>	<u>57,152,553</u>
<u>\$ 819,289,248</u>	<u>\$ 829,551,425</u>	<u>\$ 848,697,529</u>	<u>\$ 803,402,471</u>	<u>\$ 810,913,675</u>	<u>\$ 864,969,340</u>
<u>\$ 7,696,582</u>	<u>\$ 15,895,735</u>	<u>\$ (1,112,211)</u>	<u>\$ (587,560)</u>	<u>\$ (21,998,724)</u>	<u>\$ (58,913,112)</u>
\$ 9,176,562	\$ 9,327,290	\$ 9,814,672	\$ 19,093,344	\$ 2,930,631	\$ 8,494,199
(9,176,562)	(9,327,290)	(9,814,672)	(19,093,344)	(2,930,631)	(2,994,199)
-	-	-	-	495,372	222,068
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,372</u>	<u>\$ 5,722,068</u>
<u>\$ 7,696,582</u>	<u>\$ 15,895,735</u>	<u>\$ (1,112,211)</u>	<u>\$ (587,560)</u>	<u>\$ (21,503,352)</u>	<u>\$ (53,191,044)</u>

Table 7

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES BY FUNCTION
Last Ten Fiscal Years

Fiscal Year	Total Expenditures and Other Financing Uses	Administration, Attendance, & Health		Pupil Transportation		Operations and Maintenance		Technology		Transfers	
		Instruction	%		%		%		%		%
2003	\$494,931,919	\$385,833,914	78.0	\$17,046,058	3.4	\$20,514,783	4.1	\$66,043,764	13.3	\$	-
2004	534,286,199	414,598,181	77.6	18,359,247	3.4	24,840,231	4.6	70,669,852	13.2	-	0.0
2005	572,709,409	448,847,686	78.4	18,982,883	3.3	24,052,995	4.2	74,630,511	13.0	-	0.0
2006	598,351,856	464,982,665	77.7	19,630,600	3.3	25,887,449	4.3	81,289,805	13.6	-	0.0
2007	675,635,336	531,541,516	78.7	20,558,582	3.0	32,095,470	4.8	86,386,348	12.8	-	0.0
2008	689,747,477	531,787,235	77.1	20,992,318	3.0	34,298,966	5.0	97,470,465	14.1	-	0.0
2009	695,764,181	519,980,975	74.7	19,160,164	2.8	33,326,146	4.8	90,159,213	13.0	27,510,126	4.0
2010	662,431,419	496,533,051	75.0	18,988,180	2.9	31,579,245	4.8	83,235,799	12.6	24,198,885	3.7
2011	663,255,264	483,132,547	72.8	18,279,083	2.8	33,859,385	5.1	86,228,344	13.0	38,825,274	5.9
2012	701,220,382	477,573,144	68.1	19,064,917	2.7	29,578,124	4.2	88,326,990	12.6	39,345,298	5.6

Note: This table represents financial data of the School Operating Fund.

Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires for reporting purposes the School Athletics and School Instructional Technology Funds be included (retroactively beginning in fiscal year 2011) in the above table with the School Operating Fund, was adopted by the School Board as of July 1, 2010.

Beginning in Fiscal Year 2009, the Technology category is separately reported. Financial information relating to the Technology category for fiscal years prior to 2009 is not available.

Beginning in fiscal year 2012, the Debt Service category is reported with a corresponding increase in the Local Government funding source. Financial information for fiscal years prior to 2012 is not reported, as it was previously reported by the Local Government.

Fiscal Year	Debt Service	%
2003	\$ -	-
2004	-	-
2005	-	-
2006	-	-
2007	-	-
2008	-	-
2009	-	-
2010	-	-
2011	-	-
2012	44,337,710	6.3

Table 8

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND REVENUES BY SOURCE
Last Ten Fiscal Years**

Fiscal Year	Total Revenues	City of Virginia Beach	%	Commonwealth of Virginia	%	State Sales Tax	%	Federal Government	%	Other Revenues*	%
2003	\$503,290,387	\$223,971,375	44.5	\$205,026,774	40.7	\$51,447,271	10.2	\$19,706,892	3.9	\$3,138,075	0.7
2004	532,112,767	245,573,190	46.2	210,218,748	39.5	55,338,502	10.4	17,740,491	3.3	3,241,836	0.6
2005	578,358,164	253,873,724	43.9	239,229,348	41.4	64,861,559	11.2	16,459,127	2.8	3,934,406	0.7
2006	605,676,840	270,711,665	44.7	244,499,748	40.4	70,134,239	11.6	16,003,175	2.6	4,328,013	0.7
2007	677,521,883	305,018,668	45.0	277,484,029	41.0	72,151,255	10.6	18,272,087	2.7	4,595,844	0.7
2008	684,201,855	306,954,787	44.9	279,852,150	40.9	72,904,963	10.7	19,870,660	2.9	4,619,295	0.6
2009	701,884,797	321,862,271	45.9	292,200,624	41.6	69,168,038	9.9	14,100,023	2.0	4,553,841	0.6
2010	671,428,700	318,692,326	47.5	250,368,861	37.3	66,688,947	9.9	32,229,078	4.8	3,449,488	0.5
2011	657,614,497	328,999,336	50.0	231,079,376	35.1	70,058,126	10.7	23,150,301	3.5	4,327,358	0.7
2012*	680,686,149	351,669,028	51.7	233,276,203	34.3	72,266,667	10.6	13,660,046	2.0	9,814,205	1.4

Note: This table represents financial data of the School Operating Fund.

Governmental Accounting Standards Board (GASB) Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires for reporting purposes the School Athletics and School Instructional Technology Funds be included (retroactively beginning in fiscal year 2011) in the above table with the School Operating Fund, was adopted by the School Board as of July 1, 2010.

* The Other Revenues column for Fiscal Year 2012 includes \$5,500,000 transferred from the Risk Management Internal Service Fund.

Other Financial Data		
Fiscal Year	June 30 Reversion to City	June 30 Fund Balance
2003	\$12,198,021	\$14,911,680
2004	13,205,888	11,457,909
2005	10,440,838	10,560,483
2006	5,392,061	10,058,973
2007	15,749,630	15,568,156
2008	35,268,898	10,411,561
2009	14,868,382	15,851,013
2010	17,691,437	18,032,017
2011	9,654,107	32,518,404
2012	15,954,726	11,984,171

Note: The above Other Financial Data presents the amount of cash that was necessary to revert to the City to yield a fund balance equal to the outstanding encumbrances and prepaid items at June 30 of each fiscal year, except after Fiscal Year 2010 (includes the fund balances of the School Athletics and School Instructional Technology Funds, as required by GASB #54 for reporting purposes).

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
PER PUPIL FINANCIAL SUPPORT FOR EXPENDITURES BY MAJOR REVENUE SOURCE
Last Ten Fiscal Years

Fiscal Year	Local Revenues		State Revenues		State Sales Tax Revenues	
	Per Pupil	Per Pupil State Average	Per Pupil	Per Pupil State Average	Per Pupil	Per Pupil State Average
2003	\$3,192	\$4,231	\$2,821	\$2,714	\$681	\$677
2004	3,573	4,408	2,909	2,793	734	734
2005	3,641	4,539	3,333	3,154	874	853
2006	3,919	4,890	3,446	3,250	960	925
2007	4,561	5,145	4,071	3,770	1,012	955
2008	4,848	5,508	4,049	3,851	1,031	962
2009	4,790	5,505	4,459	4,175	993	907
2010	4,891	5,423	3,700	3,509	959	890
2011	5,166	5,371	3,469	3,375	1,009	928
2012	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents the per pupil cost of operations of the Virginia Beach City Public Schools broken down by source of support. The per pupil amount for the Total Expenditures for Operations is the total expenditures of the Local Educational Agency (LEA) minus the amount for the Facilities Function (e.g., Capital Improvement Program), Debt Service, Non LEA Programs, and Capital Outlay Additions to yield Total Expenditures for Operations. The Total Expenditures for Operations include regular day school, school food services, summer school, adult education, athletics, textbooks, and other educational functions.

The aforementioned methodology and computations were developed by the Commonwealth of Virginia Department of Education (DOE). The assumption taken by the DOE is that the LEA would spend all of its State money received, all of the Sales Tax money received, and all of its Federal money received, before spending any of the local appropriations and other local receipts. Therefore, the Total Expenditures for Operations is the sum of the State portion, the Sales Tax portion, and the Federal portion, with the local portion (City appropriations and other local receipts) being the remainder after the others have been deducted.

The State amount includes all the monies sent to the LEA by the DOE minus an amount sent by the DOE for the running of the Hospital, Clinics, and Detention Home project and an amount sent by the DOE for vocational equipment. The State Sales Tax is the 1 cent tax on goods and services allocated to a particular LEA (plus a 1/8 of one percent increase allocation). The Federal portion includes all federal funds sent to the LEA directly from the Federal Government or through the State to the LEA minus an amount for additional capital outlay paid for by Federal funds. The local funds portion is equal to the Total Expenditures for Operations minus the amounts for State funds, State Sales Tax, and Federal funds.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

Table 9

Fiscal Year	Federal Revenues		Total Expenditures for Operations		ADM for Determining Cost Per Pupil
	Per Pupil	Per Pupil State Average	Per Pupil	Per Pupil State Average	
2003	\$720	\$564	\$7,414	\$8,186	75,554
2004	735	617	7,951	8,552	75,355
2005	785	656	8,633	9,202	74,230
2006	788	690	9,113	9,755	73,075
2007	845	714	10,489	10,584	71,270
2008	868	716	10,796	11,037	70,690
2009	778	729	11,020	11,316	69,654
2010	1,156	1,198	10,706	11,020	69,549
2011	1,128	1,119	10,772	10,793	69,458
2012	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

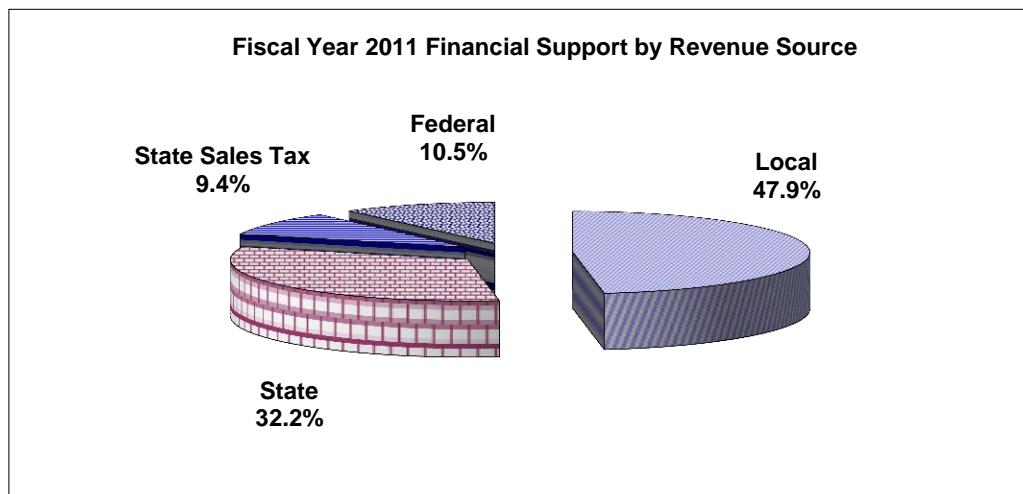
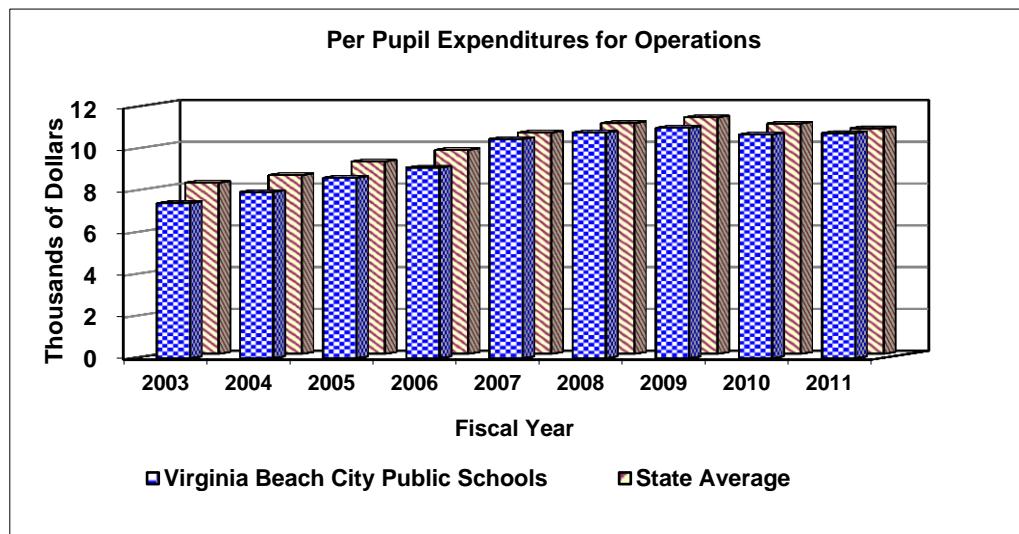


Table 10

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
COMPOSITE INDEX OF LOCAL ABILITY-TO-PAY COSTS OF STANDARDS OF QUALITY
Last Ten Fiscal Years

Fiscal Year	Indicators of Ability Base Year	Local Composite Index	Local Share of SOQ Factor
2003	1999	.3394	.4500
2004	1999	.3394	.4500
2005	2001	.3353	.4500
2006	2001	.3353	.4500
2007	2003	.3492	.4500
2008	2003	.3492	.4500
2009	2005	.3704	.4500
2010	2005	.3704	.4500
2011	2007	.4060	.4500
2012	2007	.4060	.4500
2013	2009	.4110	.4500
2014	2009	.4110	.4500

Note: The components used in the formula for calculating the school divisions' composite index (used to distribute basic aid, standards of quality, and various other state payments) are:

True Value of Real Property
 Adjusted Gross Income
 Taxable Retail Sales
 March 31 ADM (year after base year)
 Total Population

The Local Share of Standards of Quality (SOQ) Factor is multiplied by the original calculated local composite index of each school division. This factor provides the apportioned cost of the SOQ between the State and school divisions of average ability to pay as established by the Appropriations Act.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

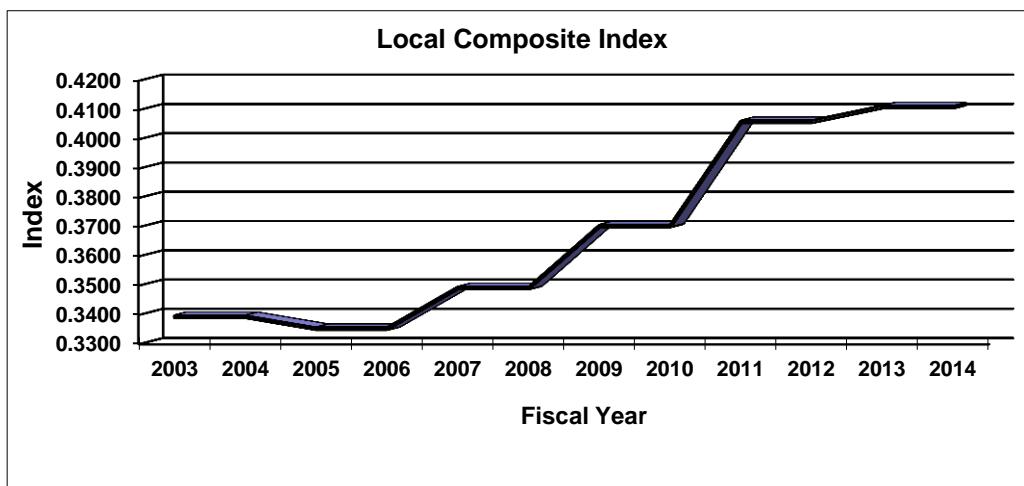


Table 11

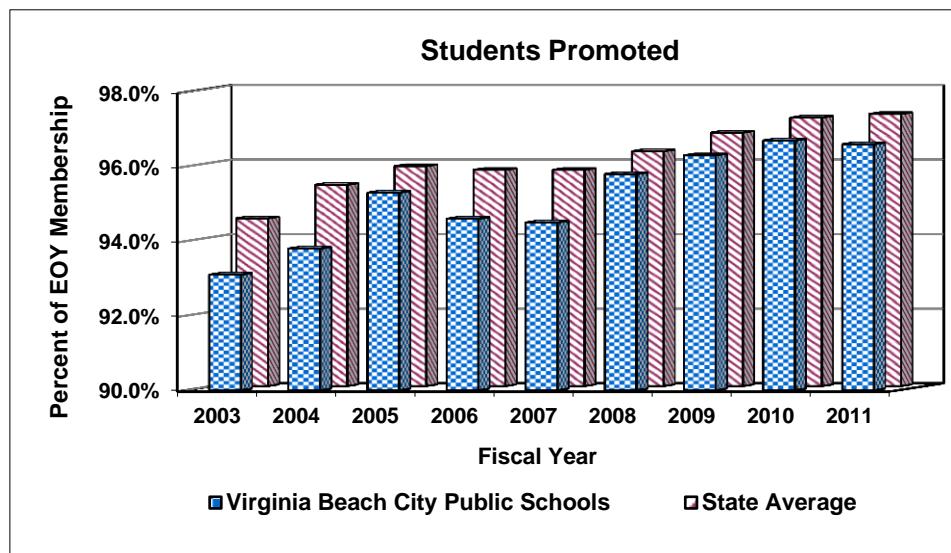
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENTS PROMOTED
Last Ten Fiscal Years

Fiscal Year	End-of-Year Membership	Number Promoted	Percent Promoted	Percent Promoted State Average
2003	74,393	69,286	93.1%	94.5%
2004	74,321	69,746	93.8	95.4
2005	73,072	69,605	95.3	95.9
2006	71,768	67,901	94.6	95.8
2007	70,920	67,042	94.5	95.8
2008	69,858	66,906	95.8	96.3
2009	69,015	66,438	96.3	96.8
2010	68,988	66,718	96.7	97.2
2011	68,935	66,624	96.6	97.3
2012	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents the number of pupils promoted as a percentage of end of the year membership. The data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT ATTENDANCE
Last Ten Fiscal Years

Fiscal Year	Number of Days Taught	Average Daily Membership			Average Daily Attendance		
		Elementary	Secondary	Total	Elementary	Secondary	Total
2003	182	46,488	28,673	75,161	44,381	26,949	71,330
2004	177	45,876	29,053	74,929	43,978	27,332	71,310
2005	183	45,111	29,116	74,227	43,263	27,517	70,780
2006	183	43,928	29,140	73,068	42,175	27,561	69,736
2007	183	42,946	28,760	71,706	41,188	27,226	68,414
2008	183	42,253	28,430	70,683	40,642	26,988	67,630
2009	183	41,840	27,805	69,645	40,235	26,476	66,711
2010	183	41,984	27,602	69,586	40,266	26,211	66,477
2011	183	42,184	27,337	69,521	40,433	26,011	66,444
2012	183	42,519	26,796	69,315	40,984	25,544	66,528

Note: This table represents the average daily membership and the average daily attendance along with the percentage of attendance to membership. Average Daily Membership (ADM) is the average number of students belonging each day in a school system for the period of report. ADM is determined by dividing the sum of the days present and absent of all students when school is in session during a given period by the number of days school is in session during this period.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia (except FY 2012 - school division submission by the Department of Technology)

Table 12

Fiscal Year	Student Attendance Percent			Student Attendance Percent State Average		
	Elementary	Secondary	Local Average	Elementary	Secondary	State Average
2003	95.5%	94.0%	94.9%	95.5%	93.8%	94.9%
2004	95.9	94.1	95.2	95.6	93.8	94.9
2005	95.9	94.5	95.4	95.7	94.0	95.0
2006	96.0	94.6	95.4	95.7	94.0	95.0
2007	95.9	94.7	95.4	95.8	94.1	95.2
2008	96.2	94.9	95.7	95.9	94.1	95.2
2009	96.2	95.2	95.8	96.0	94.3	95.3
2010	95.9	95.0	95.5	95.7	94.2	95.1
2011	95.8	95.1	95.6	95.8	94.3	95.2
2012	96.4	95.3	96.0	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

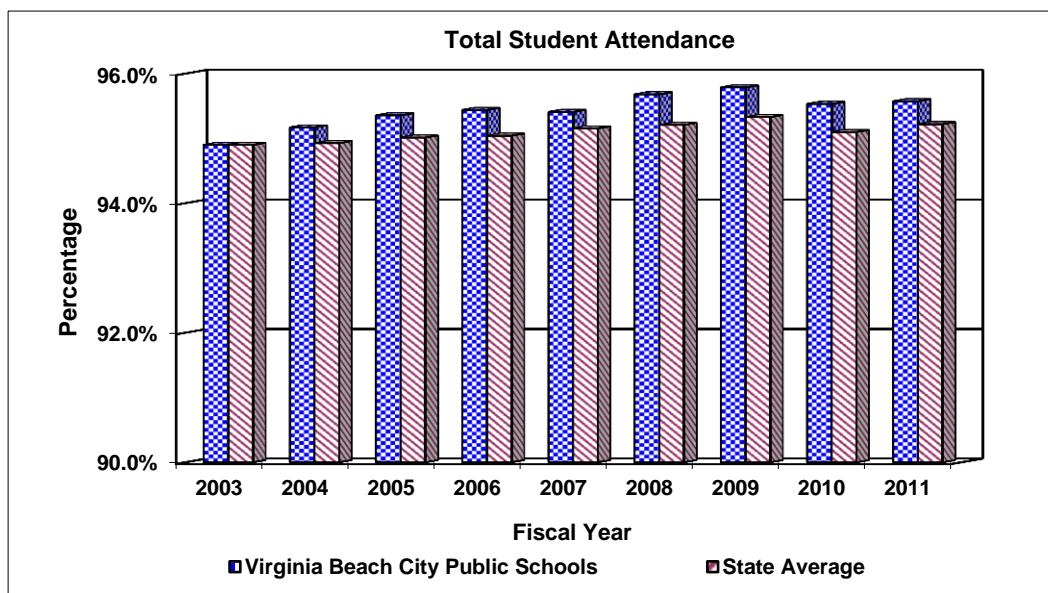


Table 13

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT DROPOUTS
Last Ten Fiscal Years

Fiscal Year	September 30 Membership (Grades 7-12)	Number of Dropouts	Percent	Percent State Average
2003	35,633	572	1.61%	2.17%
2004	36,038	563	1.56	2.05
2005	36,138	465	1.29	1.87
2006	35,711	435	1.22	1.88
2007	35,165	406	1.15	1.87
2008	34,471	397	1.15	1.90
2009	33,706	446	1.32	1.76
2010	33,364	447	1.34	1.49
2011	33,036	451	1.37	1.62
2012	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents a percentage of dropouts compared to membership in grades 7-12 and ungraded pupils ages 12 and older as reported to the Commonwealth of Virginia Department of Education by the school divisions. Dropouts are defined as pupils who withdraw from school for reasons other than promotion, transfer, death, or graduation, and do not enter another school during the school year. Also included are pupils who are in attendance on the last day of the school year who fail to return to school by October 31 of the following school year.

The dropout percentage is calculated as the number of dropouts divided by the membership on September 30th of that school year. A dropout is an individual in grades 7-12 or ungraded (UG) (due to not successfully completing the Literacy Testing Program (LTP)) who was enrolled in school at some time during the previous school year and was not enrolled on October 1 of the current school year, or was not enrolled following exclusionary conditions: transfer to another public school district, private school, or state- or district-approved education program, temporary school-recognized absence due to suspension, illness, or death.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

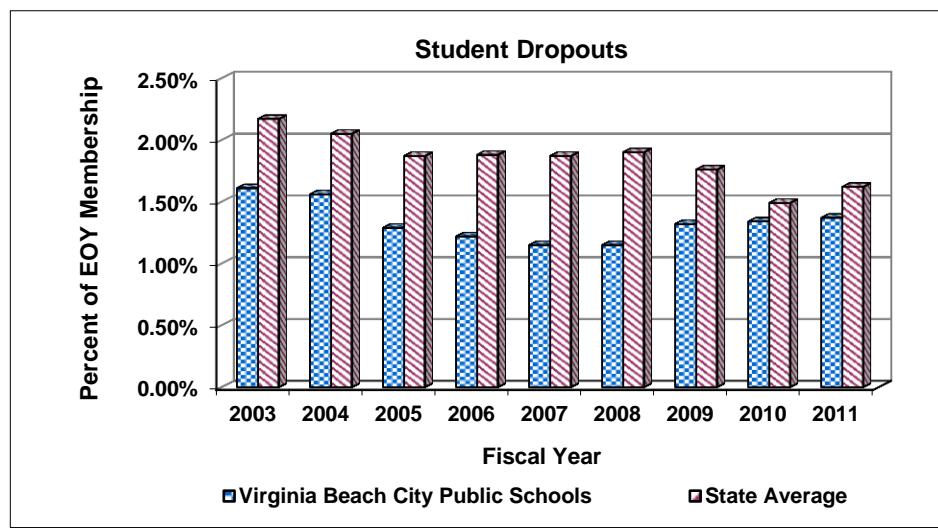


Table 14

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOLASTIC APTITUDE TEST (SAT) - MEAN SCORES
Last Ten Fiscal Years**

Fiscal Year	Critical Reading* - Mean Scores			Mathematics - Mean Scores			Writing - Mean Scores		
	Virginia Beach	Virginia	National	Virginia Beach	Virginia	National	Virginia Beach	Virginia	National
2003	509	514	507	505	510	519	-	-	-
2004	508	515	508	502	509	518	-	-	-
2005	506	516	508	504	514	520	-	-	-
2006	497	512	503	505	513	518	485	500	497
2007	496	511	502	504	511	515	482	498	494
2008	500	511	502	510	512	515	484	499	494
2009	503	511	501	511	512	515	486	498	493
2010	503	512	501	516	512	516	488	497	492
2011	501	512	497	504	509	514	482	495	489
2012	499	510	496	509	512	514	482	495	488

*Prior to 2006, the Critical Reading section was called the Verbal section

-Beginning in 2006, the Writing section was implemented

Source: The College Board and the Department of Research, Evaluation, and Assessment (SAT I: Reasoning Test)

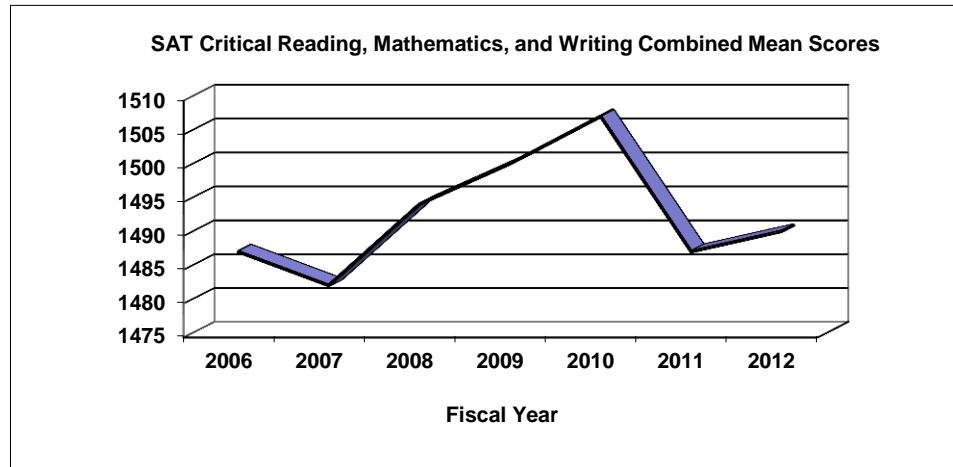
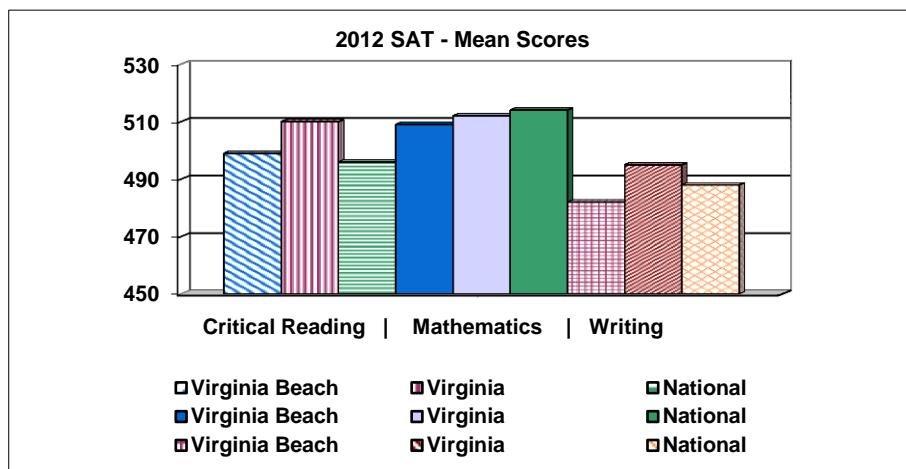


Table 15

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES AS PERCENT OF NINTH GRADE MEMBERSHIP FOUR YEARS EARLIER
Last Ten Fiscal Years**

Fiscal Year	Membership Ninth Grade Four Years Earlier	Certificate of Program Completion/GAD/GED/ISAEP					Total Completers	Percentage State Average	
		Standard Diploma	Advanced Studies Diploma	Modified Standard Diploma	Special Diploma	GAD/GED/ISAEP		Total Percentage	State Average
2003	7,180	2,098	2,283	3	148	163	4,695	65.4%	78.7%
2004	6,840	2,134	2,246	30	189	117	4,716	68.9	76.3
2005	6,667	2,005	2,375	36	224	138	4,778	71.7	76.7
2006	7,006	2,024	2,467	24	218	168	4,901	70.0	76.3
2007	7,141	2,043	2,617	41	201	245	5,147	72.1	76.8
2008	7,187	2,041	2,746	39	203	312	5,341	74.3	79.2
2009	6,824	2,151	2,638	51	177	219	5,236	76.7	79.7
2010	6,763	1,965	2,887	25	211	226	5,314	78.6	82.0
2011	6,589	1,891	2,939	42	181	223	5,276	80.1	83.1
2012	-	-	-	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents the number of graduates (includes the following summer) as a percentage of ninth grade membership four years earlier and the type of diploma awarded. No adjustments have been made to reflect the mobility of the population. This data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

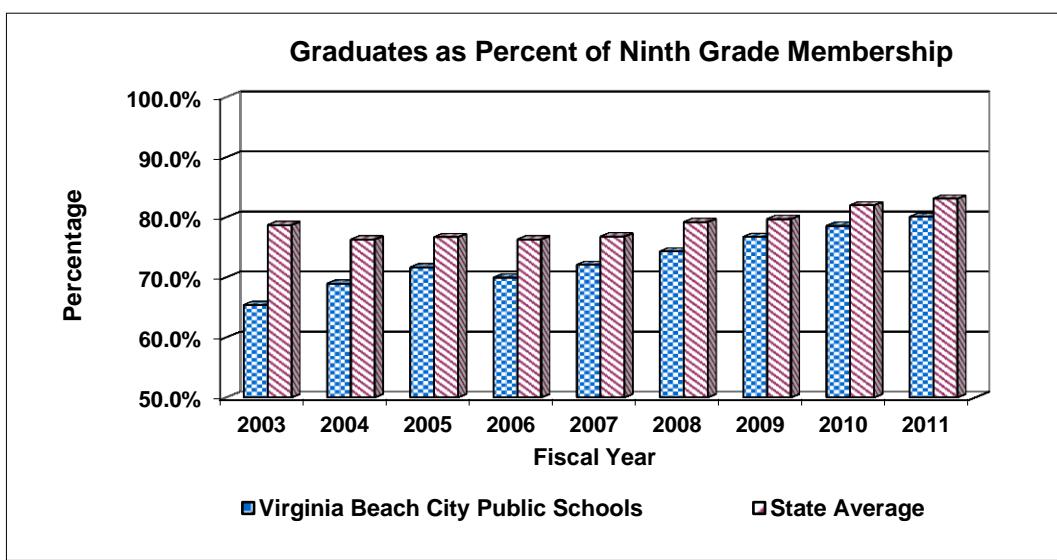


Table 16

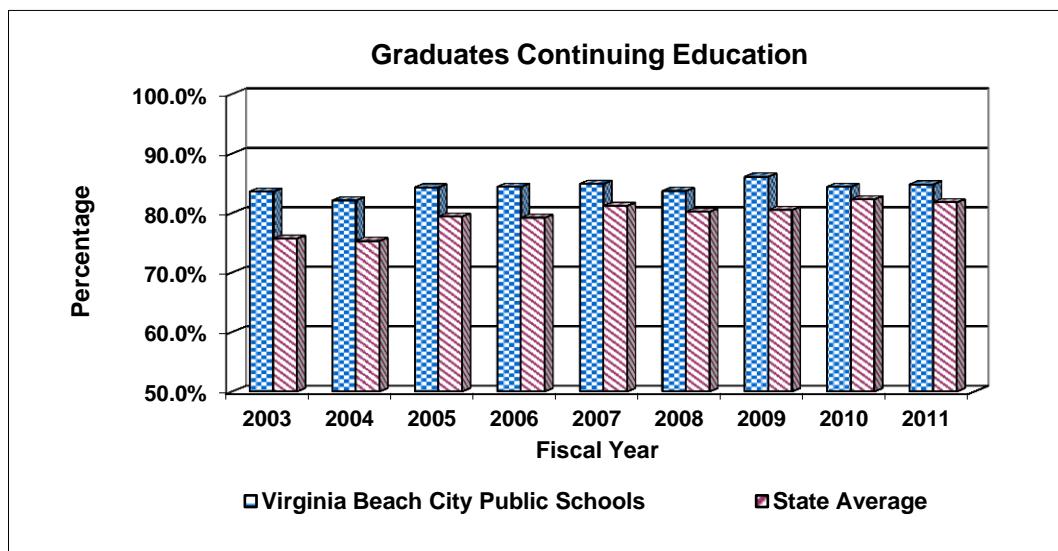
**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
GRADUATES CONTINUING EDUCATION
Last Ten Fiscal Years**

Fiscal Year	Attending Two-year Colleges		Attending Four-year Colleges		Other Continuing Education		Total Continuing Education	
	Attending Two-year Colleges Percent	State Average	Attending Four-year Colleges Percent	State Average	Other Continuing Education Percent	State Average	Total Continuing Education Percent	State Average
2003	25.0	23.3	49.3	45.8	9.3	6.6	83.6	75.7
2004	28.0	23.4	46.3	45.1	7.8	6.8	82.1	75.3
2005	28.0	24.3	47.1	49.3	9.2	5.8	84.3	79.4
2006	26.7	25.4	49.9	48.7	7.8	5.1	84.4	79.2
2007	29.1	27.5	49.4	49.3	6.4	4.4	84.9	81.2
2008	27.8	28.7	47.6	46.9	8.3	4.6	83.7	80.2
2009	31.6	30.3	46.0	45.7	8.5	4.5	86.1	80.5
2010	28.1	31.2	48.7	46.3	7.6	4.8	84.4	82.3
2011	26.8	30.6	53.7	47.2	4.3	4.0	84.8	81.8
2012	-	-	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: This table represents the percentage of graduates (includes the following summer) that pursued continuing education and the type of education pursued. Data is reported to the Commonwealth of Virginia Department of Education by the school divisions.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
RATIO OF STUDENTS TO TEACHING/INSTRUCTIONAL PERSONNEL
Last Ten Fiscal Years

Fiscal Year	Teaching Positions	Elementary		Elementary Student/Teacher Ratio State Average	Secondary		
		End-of-Year Membership K-7	Student/Teacher Ratio		Secondary Teaching Positions	End-of-Year Membership 8-12	Secondary Student/Teacher Ratio
2003	3,114.42	46,404	14.9	13.2	2,394.08	27,988	11.7
2004	3,073.63	45,859	14.9	13.1	2,395.47	28,460	11.9
2005	3,192.80	44,681	14.0	12.7	2,507.40	28,391	11.3
2006	3,188.20	43,365	13.6	12.6	2,486.40	28,396	11.4
2007	3,177.20	42,755	13.5	12.5	2,474.70	28,160	11.4
2008	3,106.80	42,008	13.5	12.5	2,442.80	27,844	11.4
2009	3,119.00	41,675	13.4	12.4	2,437.00	27,329	11.2
2010	3,138.00	42,008	13.4	12.2	2,388.00	27,844	11.7
2011	2,986.41	41,937	14.0	13.2	2,183.86	27,091	12.4
2012	-	-	-	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

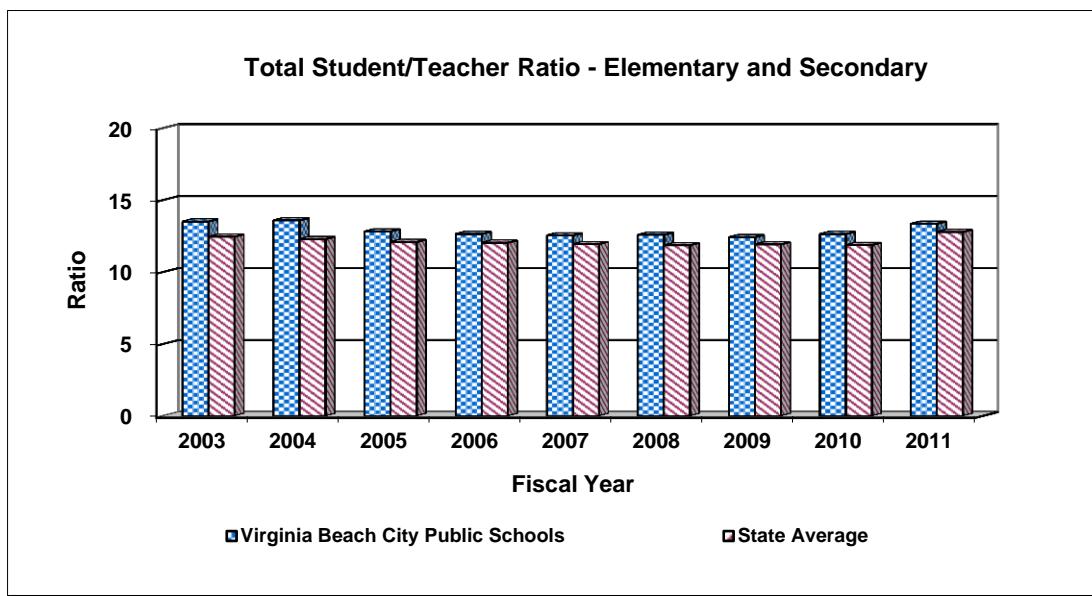
Note: This table represents student teacher ratios based on End-of-Year Membership to full-time equivalent teaching positions, excluding special education teachers, principals, assistant principals, guidance counselors, and librarians.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

Table 17

Fiscal Year	Secondary Student/ Teacher Ratio State Average	Total Student/ Teacher Ratio State Average	Total Student/ Teacher Ratio State Average
2003	11.3	13.50	12.45
2004	11.2	13.59	12.29
2005	11.2	12.82	12.09
2006	11.2	12.65	12.04
2007	11.1	12.55	11.94
2008	11.0	12.59	11.86
2009	11.2	12.42	11.92
2010	11.3	12.64	11.88
2011	12.1	13.35	12.78
2012	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
PERSONNEL POSITIONS
Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
<u>Full-Time Staff</u>				
Office/Admin/Managers	85	37	38	37
Principals	86	83	84	84
Assistant Principals	165	156	159	156
Elementary Classroom Teachers	2,103	2,083	2,094	2,104
Secondary Classroom Teachers	2,697	2,740	2,775	2,760
Other Classroom Teachers	446	274	289	279
Guidance	198	194	193	190
Psychological	51	68	65	65
Librarians/AV	110	107	106	108
Supervisory	65	121	130	133
Other Professionals	286	316	321	330
Teacher Aides	1,005	1,010	1,052	1,054
Technicians	37	105	105	107
Clerical/Secretarial	556	542	591	601
Service Workers	2,100	1,074	1,105	1,107
Skilled Crafts	241	225	233	230
Total Full-Time Staff	<u>10,231</u>	<u>9,135</u>	<u>9,340</u>	<u>9,345</u>
<u>Part-Time Staff</u>				
Professional/Instructional	195	210	244	236
Other	77	1,103	1,096	1,087
Total Part-Time Staff	<u>272</u>	<u>1,313</u>	<u>1,340</u>	<u>1,323</u>

Note: Prior to FY 2004, the Service Workers category contained Bus Drivers, Assistants, and Cafeteria Workers including those less than 1 FTE. Beginning in FY 2004, Bus Drivers, Assistants, and Cafeteria Workers less than 1 FTE were reclassified as Part-Time Staff Other.

Source: Department of Human Resources (EEO-5 Report)

Table 18

Fiscal Year					
2007	2008	2009	2010	2011	2012
40	39	40	38	40	40
85	89	90	86	86	86
151	160	161	155	151	150
2,114	2,106	2,110	2,117	2,087	2,101
2,702	2,643	2,614	2,513	2,466	2,395
273	290	291	326	339	334
187	182	182	175	179	174
68	68	66	70	79	83
106	111	108	104	105	105
134	69	66	68	77	82
337	363	383	378	377	375
1,093	1,117	1,130	1,138	1,154	1,126
107	106	107	110	112	108
606	600	599	579	586	584
1,116	1,109	1,137	1,099	1,100	1,092
236	234	230	236	231	238
<u>9,355</u>	<u>9,286</u>	<u>9,314</u>	<u>9,192</u>	<u>9,169</u>	<u>9,073</u>
255	264	277	239	201	193
1,155	1,178	1,179	1,143	1,103	1,082
<u>1,410</u>	<u>1,442</u>	<u>1,456</u>	<u>1,382</u>	<u>1,304</u>	<u>1,275</u>

Table 19

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL POSITIONS PER 1,000 STUDENTS IN ADM
Last Ten Fiscal Years**

Fiscal Year	Number of Instructional Personnel Positions (End of Year)	Student Average Daily Membership (End of Year)	Instructional Personnel Per 1,000 Students	Instructional Personnel Per 1,000 Students State Average
2003	6,971.59	75,161	92.8	100.5
2004	6,868.60	74,880	91.7	101.8
2005	7,135.53	74,161	96.2	102.5
2006	7,103.98	72,948	97.4	103.9
2007	7,145.43	71,934	99.3	104.4
2008	7,082.10	70,930	99.6	105.7
2009	7,082.31	69,886	101.3	105.5
2010	7,034.28	69,763	100.8	104.3
2011	7,078.07	69,727	101.5	102.5
2012	-	-	-	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: The number of Instructional Personnel includes all teachers, teacher assistants, guidance counselors, librarians, principals, assistant principals, and divisionwide instructors based on positions reported by the school division. Divisionwide positions include Summer School, Adult Education, Pre-Kindergarten, and other non-regular day and non-LEA instructional positions. The Student Average Daily Membership is the end-of-year unadjusted average daily membership as reported to the Commonwealth of Virginia Department of Education by the school divisions (includes Pre-K through Post-graduate).

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

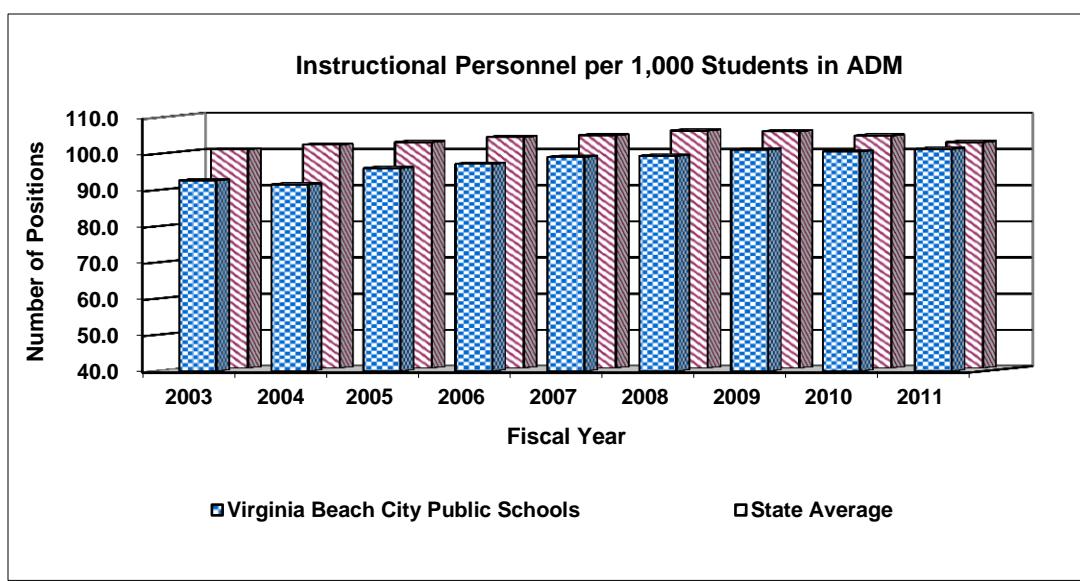


Table 20

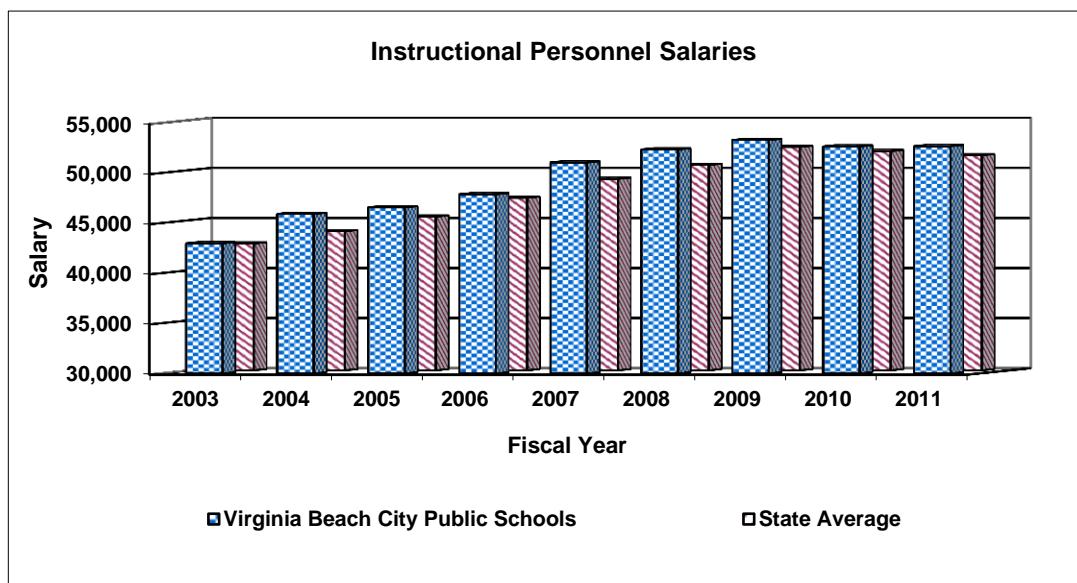
SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
INSTRUCTIONAL PERSONNEL SALARIES
Last Ten Fiscal Years

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary	State Average
2003	\$32,500	\$57,230	\$43,001	\$42,665
2004	33,069	58,232	45,937	43,892
2005	34,227	60,271	46,591	45,346
2006	35,767	62,982	47,900	47,226
2007	37,280	62,982	51,075	49,128
2008	38,026	64,242	52,377	50,511
2009	38,596	65,585	53,315	52,307
2010	38,596	65,585	52,680	51,887
2011	38,597	65,914	52,701	51,478
2012	39,369	66,904	53,172	-

- Not Available (officially published by the Commonwealth of Virginia, Department of Education)

Note: Instructional Personnel includes teachers, guidance counselors, librarians, and technology instructors.

Source: Department of Human Resources and Commonwealth of Virginia, Superintendent's Annual Report for Virginia



SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
TEACHERS INFORMATION
Last Ten Fiscal Years

Fiscal Year	Number of Teachers				Average Teacher Age				Bachelors			
	Elem	Middle	High	Other	Elem	Middle	High	Other	Elem	Middle	High	Other
2003	2,525	1,390	1,634	122	43.2	43.4	43.6	46.5	1,368	727	858	60
2004	2,517	1,394	1,668	129	43.6	43.6	43.9	46.3	1,346	715	878	66
2005	2,543	1,403	1,713	134	43.5	43.7	43.9	46.8	1,364	734	914	67
2006	2,537	1,372	1,718	133	43.6	44.1	44.1	48.3	1,353	705	911	72
2007	2,534	1,327	1,711	139	43.9	44.7	44.2	48.2	1,334	654	899	74
2008	2,533	1,299	1,671	146	44.0	44.9	44.6	48.7	1,312	644	867	71
2009	2,545	1,277	1,667	151	44.1	45.4	44.9	49.2	1,303	626	869	71
2010	2,539	1,217	1,560	240	44.4	46.0	46.0	47.5	1,242	578	786	114
2011	2,509	1,200	1,566	249	44.5	45.6	45.5	46.7	1,189	563	774	117
2012	2,470	1,175	1,522	267	44.4	45.6	45.5	46.8	1,152	540	746	123

Source: Department of Human Resources

Table 21

Fiscal Year	Masters				Certificate Advance Studies				Doctorate			
	Elem	Middle	High	Other	Elem	Middle	High	Other	Elem	Middle	High	Other
2003	1,052	589	703	55	101	66	62	6	4	8	11	1
2004	1,068	603	707	55	99	68	69	7	4	8	14	1
2005	1,074	593	707	56	100	68	74	10	5	8	18	1
2006	1,079	592	704	52	100	64	85	8	5	11	18	1
2007	1,095	598	715	55	101	64	77	8	4	11	20	2
2008	1,122	578	699	65	95	68	83	9	4	9	22	1
2009	1,131	579	697	69	106	65	81	10	5	7	20	1
2010	1,181	565	670	102	109	68	82	23	7	6	22	1
2011	1,206	567	693	111	108	64	76	20	6	6	23	1
2012	1,201	570	686	124	109	60	65	17	8	5	25	3

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL CAFETERIAS INFORMATION
Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
Student Enrollment (October)				
in Meal Programs:				
Reduced	8,585	8,734	7,121	6,185
Free	14,570	15,250	14,844	13,596
Lunch Meals:				
Full	3,908,389	3,683,643	3,896,141	4,264,832
Reduced	869,047	882,920	847,029	772,341
Free	1,784,674	1,824,700	1,952,837	1,807,692
Breakfast Meals:				
Full	367,587	346,221	411,658	484,429
Reduced	208,048	197,080	204,590	208,668
Free	896,981	867,209	900,772	855,595
Lunch Price:				
Full:				
Elementary	\$1.40	\$1.40	\$1.60	\$1.60
Middle	\$1.50	\$1.50	\$1.70	\$1.70
High	\$1.50	\$1.50	\$1.70	\$1.70
Adult	\$2.20	\$2.50	\$2.50	\$2.75
Reduced	\$0.40	\$0.40	\$0.40	\$0.40

Source: The Department of Administrative Support Services/Food Services

Table 22

Fiscal Year					
2007	2008	2009	2010	2011	2012
7,473	5,960	6,380	6,067	4,793	5,526
15,087	13,909	14,276	16,067	16,185	17,918
4,287,661	3,808,695	3,462,417	3,272,401	3,114,574	2,964,309
791,084	743,790	792,105	754,574	664,741	727,425
1,833,033	1,878,081	1,960,458	2,180,856	2,407,642	2,492,788
547,189	644,638	680,158	670,224	603,169	585,022
243,182	260,166	303,012	283,304	257,782	274,128
872,513	981,774	1,070,866	1,200,453	1,326,183	1,418,257
\$1.75	\$1.75	\$2.00	\$2.00	\$2.15	\$2.20
\$1.80	\$1.80	\$2.00	\$2.00	\$2.15	\$2.20
\$1.80	\$1.80	\$2.00	\$2.00	\$2.15	\$2.20
\$2.75	\$2.75	\$3.00	\$3.00	\$3.00	\$3.75
\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CAPITAL ASSETS INFORMATION BY GOVERNMENTAL ACTIVITIES
Last Ten Fiscal Years

	Fiscal Year			
	2003	2004	2005	2006
<u>Instruction:</u>				
Elementary Schools	54	54	54	55
Middle Schools	13	13	13	13
High Schools	11	11	11	11
Auxiliary Schools/Centers	9	10	11	11
Portables	365	364	363	361
<u>Operations and Maintenance:</u>				
Vehicles	265	276	278	279
<u>Pupil Transportation:</u>				
Buses	675	694	760	758
Other Vehicles	42	42	45	47

Source: School Board Capital Assets Inventory Records

Table 23

Fiscal Year					
2007	2008	2009	2010	2011	2012
55	56	56	55	55	55
13	13	13	13	13	13
11	11	11	11	11	11
11	11	11	7	7	7
357	343	324	266	255	239
276	294	282	282	285	279
754	791	789	766	785	767
44	44	45	44	39	43

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elementary Schools										
Alanton Elementary (Opened Sept 1966; Addition Sept 1995; Sept 2006)										
Square Feet	73,761	73,761	73,761	73,761	74,049	74,049	74,049	74,049	74,049	74,049
Program Capacity	738	693	680	668	680	629	613	602	650	662
Enrollment	664	634	649	644	574	584	562	606	629	592
Arrowhead Elementary (Opened Sept 1964; Replaced Sept 2003)										
Square Feet	52,228	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480	79,480
Program Capacity	662	559	571	594	646	591	584	537	540	524
Enrollment	501	467	600	572	553	549	576	439	454	466
Bayside Elementary (Opened Sept 1941; Replaced Dec 2000)										
Square Feet	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428	77,428
Program Capacity	635	550	540	551	566	490	521	526	527	536
Enrollment	547	545	530	490	456	437	414	451	453	488
Birdneck Elementary (Opened Sept 1986)										
Square Feet	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250	137,250
Program Capacity	1,069	1,022	1,037	1,057	1,100	1,075	902	962	753	815
Enrollment	899	926	938	920	1,041	991	980	784	722	631
Brookwood Elementary (Opened Sept 1967; Replaced Sept 2007)										
Square Feet	51,875	51,875	51,875	51,875	51,875	80,065	80,065	80,065	80,065	80,065
Program Capacity	553	517	503	542	554	600	607	638	689	647
Enrollment	522	535	529	499	452	522	538	692	710	784
Centerville Elementary (Opened Sept 1984)										
Square Feet	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082	67,082
Program Capacity	722	638	641	611	695	693	641	731	695	687
Enrollment	560	597	608	614	644	659	672	668	668	650
Christopher Farms Elementary (Opened Sept 1997)										
Square Feet	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740	78,740
Program Capacity	870	777	780	778	781	760	693	738	752	716
Enrollment	794	775	748	758	732	754	732	737	714	706
College Park Elementary (Opened Sept 1973; Gym Added Sept 1982; Replaced Sept 2011)										
Square Feet	58,743	58,743	58,743	58,743	58,743	58,743	58,743	58,743	58,743	94,861
Program Capacity	597	520	542	542	542	485	420	468	450	476
Enrollment	646	525	503	464	447	422	407	407	402	388
W. T. Cooke Elementary (Opened Sept 1913; Replaced Sept 1962; Gym Added Sept 1991; Replaced Sept 1999)										
Square Feet	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256	92,256
Program Capacity	680	551	527	505	561	545	555	574	587	575
Enrollment	582	554	517	536	505	490	502	601	660	687
Corporate Landing Elementary (Opened Sept 1993)										
Square Feet	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620	96,620
Program Capacity	851	728	698	655	631	606	610	624	642	698
Enrollment	686	657	582	557	545	510	495	541	543	570
Creeds Elementary (Opened Sept 1939; Gym Added Sept 1949; Modernized Sept 1969; Modernized Sept 2001)										
Square Feet	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285	69,285
Program Capacity	501	425	419	421	425	426	426	448	425	373
Enrollment	309	295	295	307	285	298	292	312	297	320

(continued)

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
John B. Dey Elementary (Opened Sept 1956; Addition Sept 1959; Gym Added Sept 1978; Addition Sept 1995)										
Square Feet	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641	76,641
Program Capacity	882	786	796	793	778	735	756	799	821	838
Enrollment	779	738	784	759	742	728	781	769	817	849
Diamond Springs Elementary (Opened Sept 2007)										
Square Feet	-	-	-	-	-	97,000	97,000	97,000	97,000	97,000
Program Capacity	-	-	-	-	-	535	504	489	482	512
Enrollment	-	-	-	-	-	509	504	516	475	559
Fairfield Elementary (Opened Sept 1976)										
Square Feet	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280	58,280
Program Capacity	627	489	491	540	555	526	504	482	526	547
Enrollment	505	519	522	498	511	499	479	479	499	491
Glenwood Elementary (Opened Sept 1990)										
Square Feet	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600	139,600
Program Capacity	1,350	1,201	1,120	1,101	1,057	972	1,002	995	1,024	1,036
Enrollment	1,052	1,042	923	1,003	955	914	894	916	900	867
Green Run Elementary (Opened Sept 1976; Addition Sept 2005)										
Square Feet	58,040	58,040	58,040	58,275	58,275	58,275	58,275	58,275	58,275	58,275
Program Capacity	533	547	520	511	494	479	424	513	451	459
Enrollment	522	537	484	463	458	473	487	478	494	508
Hermitage Elementary (Opened Nov 1964; Addition Sept 1974; Gym Added Sept 1995; Replaced Mar 2005)										
Square Feet	63,243	63,243	94,018	94,018	94,018	94,018	94,018	94,018	94,018	94,018
Program Capacity	578	567	630	672	575	565	583	637	637	663
Enrollment	474	405	475	552	537	507	559	582	622	620
Holland Elementary (Opened Sept 1967; Addition Sept 1995)										
Square Feet	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956	73,956
Program Capacity	808	669	665	688	687	564	510	605	480	503
Enrollment	729	669	658	583	561	558	553	516	527	537
Indian Lakes Elementary (Opened Sept 1979)										
Square Feet	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816	66,816
Program Capacity	767	659	545	617	556	574	552	569	529	598
Enrollment	650	618	590	573	550	520	523	489	528	567
Kempsville Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Modernized Sept 2003)										
Square Feet	59,689	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146	78,146
Program Capacity	629	539	520	519	521	521	502	520	542	558
Enrollment	483	462	447	469	467	478	445	463	457	475
Kempsville Meadows Elementary (Opened Sept 1959; Gym Added Sept 1990; Replaced Sept 2002)										
Square Feet	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239	77,239
Program Capacity	607	509	519	518	540	540	540	514	514	585
Enrollment	522	556	521	533	527	530	532	468	502	515
Kings Grant Elementary (Opened Sept 1960; Replaced Sept 1969; Addition Sept 1995)										
Square Feet	71,808	71,808	71,808	72,043	72,043	72,043	72,043	72,043	72,043	72,043
Program Capacity	760	711	683	648	688	648	653	648	616	679
Enrollment	696	672	687	669	624	632	606	611	609	638

(continued)

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Kingston Elementary (Opened Sept 1965; Gym Added Sept 1989; Addition Sept 1997)										
Square Feet	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223	65,223
Program Capacity	741	649	627	626	608	626	550	568	581	566
Enrollment	635	633	602	598	565	573	523	556	521	555
Landstown Elementary (Opened Sept 1993)										
Square Feet	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634	81,634
Program Capacity	1,005	854	860	863	876	883	839	817	838	838
Enrollment	907	852	860	799	783	798	759	739	724	731
Linkhorn Park Elementary (Opened Sept 1955; Addition Sept 1967; Replaced Sept 1998)										
Square Feet	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285	76,285
Program Capacity	702	646	657	716	696	715	707	702	747	762
Enrollment	647	659	690	691	685	725	716	731	798	789
Luxford Elementary (Opened Sept 1961; Gym Added Sept 1990; Replaced Sept 2002)										
Square Feet	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242	82,242
Program Capacity	605	570	554	540	562	580	554	583	536	495
Enrollment	545	530	533	552	522	507	512	507	522	476
Lynnhaven Elementary (Opened Sept 1963; Addition Sept 1968; Gym Added Sept 1990; Modernized Nov 2004)										
Square Feet	55,989	55,989	80,670	80,670	80,670	80,670	80,670	80,670	80,670	80,670
Program Capacity	712	586	451	516	562	546	478	488	472	472
Enrollment	429	415	419	440	414	397	434	445	437	444
Malibu Elementary (Opened Sept 1962; Addition Sept 1968; Gym Added Sept 1989; Replaced Nov 2003)										
Square Feet	54,863	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182	73,182
Program Capacity	480	442	424	431	438	398	416	380	423	402
Enrollment	316	322	300	292	304	327	316	341	319	313
New Castle Elementary (Opened Sept 1999)										
Square Feet	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060	87,060
Program Capacity	849	806	839	784	788	780	803	797	847	846
Enrollment	724	807	799	746	743	749	776	815	793	783
Newtown Road Elementary (Opened Sept 1970; Addition Sept 1988; Replaced Sept 2007)										
Square Feet	76,141	76,141	76,141	76,141	76,141	88,711	88,711	88,711	88,711	88,711
Program Capacity	764	680	556	543	520	398	505	482	466	436
Enrollment	868	886	856	609	573	410	460	490	470	467
North Landing Elementary (Opened Mar 1975; Gym Added Sept 1990)										
Square Feet	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280	60,280
Program Capacity	690	628	603	609	600	615	591	582	545	505
Enrollment	611	658	684	597	564	548	553	531	527	515
Ocean Lakes Elementary (Opened Sept 1989)										
Square Feet	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917	69,917
Program Capacity	846	724	666	710	680	687	722	699	647	607
Enrollment	643	584	563	589	600	583	623	553	516	570
Old Donation Center (Opened Jan 1965; Gym Added Sept 1994)										
Square Feet	59,827	59,827	59,827	59,827	59,827	59,827	59,827	59,827	59,827	59,827
Program Capacity	438	394	438	394	394	394	273	372	393	393
Enrollment	499	500	499	501	501	511	510	507	501	504

(continued)

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Parkway Elementary (Opened Sept 1987)										
Square Feet	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840	67,840
Program Capacity	654	578	568	578	615	556	420	494	473	496
Enrollment	564	554	582	529	503	476	452	482	514	511
Pembroke Elementary (Opened Dec 1962; Addition Sept 1968; Addition Sept 1988; Modernized May 2005)										
Square Feet	90,544	90,544	108,773	108,773	108,773	108,773	108,773	108,773	108,773	108,773
Program Capacity	749	633	569	591	572	581	606	600	680	663
Enrollment	489	488	488	503	488	475	493	500	528	533
Pembroke Meadows Elementary (Opened Sept 1969; Modernized Oct 2006)										
Square Feet	55,249	55,249	55,249	55,249	75,926	75,926	75,926	75,926	75,926	75,926
Program Capacity	644	571	566	562	592	592	590	540	513	504
Enrollment	512	543	515	526	545	501	465	459	429	445
Plaza Elementary (Opened Sept 1961; Gym Added Sept 1990; Addition Dec 1999; Closed Jun 2009)										
Square Feet	68,390	68,390	68,390	68,390	68,390	68,390	68,390	-	-	-
Program Capacity	605	531	476	476	505	500	414	-	-	-
Enrollment	481	387	380	389	399	358	333	-	-	-
Point O'View Elementary (Opened Sept 1969; Addition Sept 1999)										
Square Feet	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219	75,219
Program Capacity	795	723	688	648	653	572	599	599	581	628
Enrollment	722	731	558	488	468	440	404	521	530	522
Princess Anne Elementary (Opened Sept 1956; Addition Sept 1969; Gym Added Sept 1990; Addition Sept 1996)										
Square Feet	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953	77,953
Program Capacity	1,003	886	899	664	627	585	650	634	635	659
Enrollment	947	969	945	572	533	539	559	532	529	511
Providence Elementary (Opened Sept 1981)										
Square Feet	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831	61,831
Program Capacity	756	643	621	598	642	555	620	511	554	590
Enrollment	630	616	586	569	579	583	534	526	534	516
Red Mill Elementary (Opened Sept 1989; Addition Sept 2006)										
Square Feet	69,500	69,500	69,500	69,500	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	910	782	782	788	728	752	664	687	708	687
Enrollment	866	865	880	677	685	661	658	692	682	658
Rosemont Elementary (Opened Sept 1981)										
Square Feet	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667	63,667
Program Capacity	545	482	481	464	439	439	427	444	421	404
Enrollment	441	417	389	353	336	338	360	338	327	376
Rosemont Forest Elementary (Opened Jan 1987)										
Square Feet	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788	69,788
Program Capacity	757	616	593	567	571	592	590	590	590	592
Enrollment	614	563	534	516	515	542	500	521	510	513
Salem Elementary (Opened Sept 1988)										
Square Feet	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890	66,890
Program Capacity	681	583	497	515	497	515	469	469	482	520
Enrollment	579	537	529	523	468	447	433	430	442	426

(continued)

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Seatack Elementary (Opened Mar 1952; Addition Sept 1955; Addition Sept 1959; Gym Added Sept 1968; Replaced Mar 2000)										
Square Feet	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375	74,375
Program Capacity	518	471	449	439	446	455	432	467	395	462
Enrollment	415	399	399	389	341	330	318	433	404	418
Shelton Park Elementary (Opened Sept 1954; Addition Sept 1961; Gym Added Sept 1977; Modernized Jan 2001)										
Square Feet	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576	81,576
Program Capacity	623	575	533	490	491	419	428	408	418	437
Enrollment	475	488	421	426	365	320	325	330	383	394
Strawbridge Elementary (Opened Sept 1991)										
Square Feet	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948	84,948
Program Capacity	894	785	724	777	788	723	722	744	746	746
Enrollment	860	818	814	808	791	757	760	751	756	745
Tallwood Elementary (Opened Sept 1989; Addition Jan 2006)										
Square Feet	69,700	69,700	69,700	69,988	69,988	69,988	69,988	69,988	69,988	69,988
Program Capacity	720	649	665	674	709	621	628	650	606	625
Enrollment	620	634	637	594	616	610	570	602	598	601
Thalia Elementary (Opened Sept 1956; Addition Sept 1963; Gym Added Sept 1989; Modernized Sept 2001)										
Square Feet	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550	91,550
Program Capacity	825	730	728	727	705	680	645	669	692	728
Enrollment	709	690	694	677	641	636	647	615	667	634
Thoroughgood Elementary (Opened Sept 1958; Gym Added Sept 1990; Modernized Sept 1995)										
Square Feet	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259	66,259
Program Capacity	684	678	649	662	635	688	615	711	598	604
Enrollment	606	655	661	642	608	634	641	637	630	662
Three Oaks Elementary (Opened Sept 2005)										
Square Feet	-	-	-	92,210	92,210	92,210	92,210	92,210	92,210	92,210
Program Capacity	-	-	-	744	780	752	759	686	765	811
Enrollment	-	-	-	608	592	643	653	703	765	784
Trantwood Elementary (Opened Sept 1963; Addition Sept 1969; Gym Added Sept 1990; Modernized Sept 2003)										
Square Feet	55,790	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040	81,040
Program Capacity	775	612	705	682	637	651	606	599	555	542
Enrollment	587	567	565	560	562	532	522	508	506	502
White Oaks Elementary (Opened Sept 1978)										
Square Feet	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333	77,333
Program Capacity	797	795	597	653	715	687	638	751	680	741
Enrollment	619	572	582	626	701	711	722	725	740	730
Bettie F. Williams Elementary (Opened Sept 1961; Addition Sept 1963; Gym Added Sept 1990; Addition Sept 1995)										
Square Feet	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656	77,656
Program Capacity	673	545	627	598	595	500	473	455	513	518
Enrollment	743	707	674	731	704	403	401	410	437	436
Windsor Oaks Elementary (Opened Jul 1968; Replaced Sept 2009)										
Square Feet	55,367	55,367	55,367	55,367	55,367	55,367	55,367	85,940	85,940	85,940
Program Capacity	598	588	577	538	552	552	552	623	621	635
Enrollment	561	586	520	528	513	526	494	622	633	641

(continued)

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Windsor Woods Elementary (Opened Sept 1966; Gym Added Sept 1990; Replaced Sept 2007)										
Square Feet	53,709	53,709	53,709	53,709	53,709	84,265	84,265	84,265	84,265	84,265
Program Capacity	540	449	436	440	477	415	392	411	429	459
Enrollment	429	401	408	418	389	384	388	407	403	392
Woodstock Elementary (Opened Sept 1957; Addition Sept 1962; Gym Added Sept 1977; Replaced Nov 2002)										
Square Feet	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707	82,707
Program Capacity	794	736	754	734	692	734	731	779	735	723
Enrollment	526	668	665	646	617	625	616	640	663	688
Middle Schools										
Bayside Middle (Opened Sept 1969; Addition Sept 2004)										
Square Feet	155,379	155,379	180,134	180,134	180,134	180,134	180,134	180,134	180,134	180,134
Program Capacity	1,230	1,282	1,218	1,269	1,187	1,129	1,088	1,089	1,070	1,046
Enrollment	1,301	1,289	1,283	1,189	1,104	1,071	1,005	1,033	977	1,006
Brandon Middle (Opened Aug 1978)										
Square Feet	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586	190,586
Program Capacity	1,740	1,340	1,374	1,382	1,290	1,198	1,198	1,156	1,205	1,247
Enrollment	1,450	1,474	1,416	1,389	1,326	1,248	1,208	1,203	1,237	1,254
Corporate Landing Middle (Opened Sept 1997)										
Square Feet	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093	235,093
Program Capacity	2,115	1,780	1,702	1,619	1,554	1,494	1,412	1,412	1,370	1,370
Enrollment	1,727	1,720	1,668	1,541	1,456	1,496	1,410	1,419	1,328	1,347
Great Neck Middle (Opened Sept 1961; Addition Sept 1963; Replaced Jan 2012)										
Square Feet	126,034	126,034	126,034	126,034	126,034	126,034	126,034	126,034	126,034	217,820
Program Capacity	1,330	1,065	1,033	1,032	1,007	965	915	1,200	1,200	1,200
Enrollment	1,141	1,170	1,168	1,124	1,015	989	1,019	1,054	1,106	1,106
Independence Middle (Opened Sept 1974; Addition Sept 1996)										
Square Feet	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656	137,656
Program Capacity	1,670	1,347	1,324	1,307	1,224	1,165	1,191	1,224	1,216	1,290
Enrollment	1,520	1,538	1,524	1,413	1,391	1,324	1,238	1,250	1,234	1,278
Kemps Landing Magnet (Opened Sept 1957; Gym Added Sept 1992; Relocated to Aragona Elem Oct 2001)										
Square Feet	54,516	54,516	54,516	54,516	54,516	54,516	54,516	54,516	54,516	54,516
Program Capacity	725	540	540	600	600	600	600	600	600	600
Enrollment	590	585	603	601	599	588	587	600	596	577
Kempsville Middle (Opened Sept 1969)										
Square Feet	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287	136,287
Program Capacity	1,320	990	908	906	873	857	807	815	798	781
Enrollment	1,253	1,254	1,045	1,049	1,007	1,015	947	904	860	856
Landstown Middle (Opened Sept 1992)										
Square Feet	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000	201,000
Program Capacity	2,143	1,622	1,563	1,588	1,596	1,522	1,621	1,596	1,513	1,494
Enrollment	1,617	1,653	1,602	1,612	1,587	1,566	1,536	1,543	1,477	1,477

(continued)

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Larkspur Middle (Opened Nov 1994)										
Square Feet	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264	247,264
Program Capacity	2,020	1,858	1,866	1,844	1,709	1,601	1,552	1,536	1,551	1,593
Enrollment	1,894	1,944	1,822	1,767	1,639	1,638	1,574	1,561	1,530	1,527
Lynnhaven Middle (Opened Sept 1974; Addition Sept 1995)										
Square Feet	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099	140,099
Program Capacity	1,730	1,388	1,289	1,256	1,231	1,231	1,206	1,206	1,205	1,116
Enrollment	1,368	1,381	1,304	1,274	1,222	1,165	1,198	1,184	1,213	1,131
Plaza Middle (Opened Sept 1969)										
Square Feet	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869	157,869
Program Capacity	1,402	1,148	1,136	1,215	1,195	1,135	1,110	1,098	1,033	1,073
Enrollment	1,119	1,190	1,208	1,201	1,156	1,126	1,121	1,113	1,073	1,066
Princess Anne Middle (Opened Sept 1974; Addition Sept 1995)										
Square Feet	135,592	135,592	135,592	135,592	135,592	135,592	135,592	135,592	135,592	135,592
Program Capacity	1,658	1,438	1,468	1,250	1,275	1,250	1,225	1,300	1,299	1,332
Enrollment	1,511	1,526	1,552	1,542	1,514	1,447	1,440	1,398	1,365	1,382
Salem Middle (Opened Sept 1988)										
Square Feet	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500	217,500
Program Capacity	1,470	1,191	1,198	1,187	1,164	1,095	1,008	983	999	999
Enrollment	1,299	1,226	1,289	1,264	1,200	1,124	1,054	1,027	1,042	1,057
Virginia Beach Middle (Opened Sept 1952; Addition Sept 1964; Gym Added Sept 1977; Modernized Sept 1993; Replaced Mar 2010)										
Square Feet	104,015	104,015	104,015	104,015	104,015	104,015	104,015	189,730	189,730	189,730
Program Capacity	1,043	743	699	724	699	699	699	925	847	923
Enrollment	814	768	732	706	676	688	679	614	740	767
High Schools										
Bayside High (Opened Sept 1964; Addition Sept 1967; Modernized Sept 1990; Addition Sept 1995)										
Square Feet	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816	200,816
Program Capacity	2,003	1,860	1,886	1,896	1,901	1,895	1,760	1,733	1,708	1,708
Enrollment	1,907	1,982	2,068	2,012	2,023	1,996	1,999	1,870	1,842	1,860
Frank W. Cox High (Opened Sept 1961; Replaced Sept 1983)										
Square Feet	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744	236,744
Program Capacity	2,018	1,811	1,811	1,854	1,850	1,850	1,740	1,740	1,754	1,740
Enrollment	2,040	2,041	2,045	2,116	2,054	1,991	1,925	1,889	1,927	1,932
First Colonial High (Opened Sept 1966; Addition Sept 1968; Addition Sept 1996)										
Square Feet	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266	178,266
Program Capacity	1,788	1,697	1,697	1,730	1,730	1,707	1,591	1,591	1,601	1,601
Enrollment	1,951	2,030	2,061	2,146	2,151	2,073	2,047	1,999	2,008	1,947
Green Run High (Opened Sept 1979)										
Square Feet	235,721	235,721	235,721	235,721	235,721	235,721	235,721	235,721	235,721	235,721
Program Capacity	1,983	1,798	1,798	1,798	1,798	1,821	1,709	1,709	1,709	1,714
Enrollment	1,750	1,761	1,659	1,712	1,756	1,809	1,737	1,725	1,675	1,631

(continued)

Table 24

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
SCHOOL BUILDINGS INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Floyd E. Kellam High (Opened Sept 1962; Addition Sept 1967; Modernized Sept 1990; Addition Sept 1996)										
Square Feet	222,571	222,571	222,571	222,571	222,571	222,571	222,571	222,571	222,571	222,571
Program Capacity	1,990	1,850	1,839	1,798	1,832	1,805	1,728	1,762	1,762	1,762
Enrollment	2,276	2,346	2,410	2,388	2,078	1,956	1,803	1,838	1,843	1,799
Kempsville High (Opened Sept 1966; Addition Sept 1968; Modernized Sept 1991; Addition Sept 1995)										
Square Feet	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665	202,665
Program Capacity	2,085	1,933	1,933	1,933	1,933	1,933	1,826	1,807	1,786	1,793
Enrollment	2,039	1,968	1,938	1,989	2,013	1,892	1,819	1,764	1,734	1,712
Landstown High (Opened Sept 2001; Addition Jan 2007)										
Square Feet	274,791	274,791	274,791	274,791	308,924	308,924	308,924	308,924	308,924	308,924
Program Capacity	1,931	1,781	1,799	1,822	2,181	2,185	2,064	2,068	2,068	2,072
Enrollment	1,910	2,054	2,091	2,124	2,270	2,297	2,404	2,396	2,330	2,304
Ocean Lakes High (Opened Sept 1994; Addition Jan 2007)										
Square Feet	306,792	306,792	306,792	306,792	330,525	330,525	330,525	330,525	330,525	330,525
Program Capacity	2,273	2,107	2,107	2,122	2,403	2,417	2,283	2,269	2,269	2,239
Enrollment	2,241	2,304	2,350	2,370	2,516	2,446	2,449	2,407	2,367	2,291
Princess Anne High (Opened Aug 1954; Modernized Sept 1987; Modernized (due to major fire damage) Jan 1997)										
Square Feet	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860	228,860
Program Capacity	2,003	1,751	1,688	1,670	1,603	1,611	1,505	1,521	1,534	1,539
Enrollment	2,250	2,185	2,104	2,110	1,925	1,814	1,819	1,866	1,934	1,842
Salem High (Opened Sept 1989)										
Square Feet	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889	260,889
Program Capacity	1,988	1,829	1,775	1,793	1,874	1,847	1,787	1,759	1,766	1,749
Enrollment	1,888	1,843	1,941	1,959	1,908	1,908	1,933	1,897	1,854	1,794
Tallwood High (Opened Sept 1992)										
Square Feet	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457	294,457
Program Capacity	2,283	2,056	2,096	2,143	2,143	2,143	2,003	1,990	2,028	2,020
Enrollment	1,991	1,999	2,067	1,961	1,974	2,001	2,042	2,112	2,095	1,981
Renaissance Academy - Middle/High Campuses (Opened Dec 2009)										
Square Feet	-	-	-	-	-	-	-	-	284,968	284,968
Program Capacity	-	-	-	-	-	-	-	-	1,600	1,435
Enrollment	-	-	-	-	-	-	-	-	709	558
										634

Note: Program Capacity is the maximum capacity of the school building for a particular school year and particular student population, taking into account the number of first seats in the building (without counting portables currently on site).

Source: The Department of Administrative Support Services

Table 25

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT MEMBERSHIP
Last Ten Fiscal Years

Fiscal Year	September 30 Membership	March 31 Average Daily Membership	End-of-Year Membership	Average Daily End-of-Year Membership
2003	75,902	75,436	74,393	75,161
2004	75,900	75,151	74,321	74,929
2005	75,142	74,091	73,072	74,227
2006	73,927	72,953	71,768	73,068
2007	72,252	71,452	70,920	71,706
2008	71,196	70,473	69,858	70,683
2009	70,240	69,335	69,015	69,645
2010	69,956	69,225	68,988	69,586
2011	69,959	69,219	68,935	69,521
2012	69,856	68,977	68,800	69,315

Note: This table represents membership data reported to the Commonwealth of Virginia Department of Education at different points during the year. The September 30 Membership is the sum of pupils present and absent on September 30 or the school day closest to September 30 (however, excludes pre-kindergarten pupils). The March 31 Average Daily Membership is the average daily membership for the first seven months of the school year. The End-of-Year Membership is the sum of the pupils present and absent on the last day of the school year. The Average Daily End-of-Year Membership is the average daily membership for the school year.

Source: Commonwealth of Virginia, Superintendent's Annual Report for Virginia

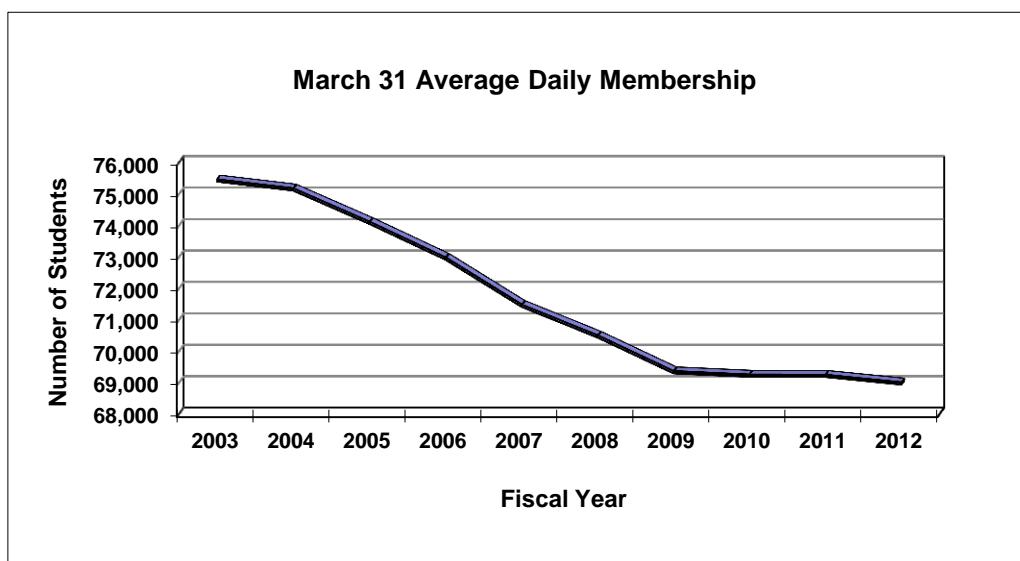


Table 26

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
STUDENT MEMBERSHIP BY ETHNIC GROUP
Last Ten Fiscal Years**

Fiscal Year	African American	%	Caucasian	%	Hispanic	%	Asian	%	Pacific Islander	%	Native American	%	Unspecified or 2 or More	%
2003	21,675	28.6	46,377	61.1	3,328	4.4	4,310	5.6	0	0.0	212	0.3	0	0.0
2004	21,828	28.6	45,808	60.0	3,476	4.6	4,359	5.7	0	0.0	236	0.3	590	0.8
2005	21,370	28.3	44,646	59.1	3,596	4.8	4,361	5.8	101	0.1	254	0.3	1,187	1.6
2006	20,591	27.7	42,797	57.6	3,789	5.1	4,123	5.5	482	0.6	327	0.4	2,204	3.1
2007	19,943	27.5	41,434	57.1	3,885	5.4	4,024	5.5	546	0.8	304	0.4	2,407	3.3
2008	20,173	27.8	40,614	56.0	4,147	5.7	4,095	5.7	578	0.8	277	0.4	2,593	3.6
2009	19,729	27.6	39,745	55.5	4,322	6.0	4,042	5.6	593	0.8	284	0.4	2,849	4.1
2010	19,456	27.3	39,282	55.2	4,375	6.1	4,118	5.8	660	0.9	273	0.4	3,034	4.3
2011	17,679	24.8	37,667	52.9	6,303	8.9	3,931	5.5	338	0.5	257	0.4	5,034	7.0
2012	17,274	24.3	37,228	52.5	6,656	9.4	3,937	5.5	335	0.5	223	0.3	5,325	7.5

Note: This table is based on the September 30 student membership (includes pre-kindergarten pupils).

Source: Departments of Technology and School Administration

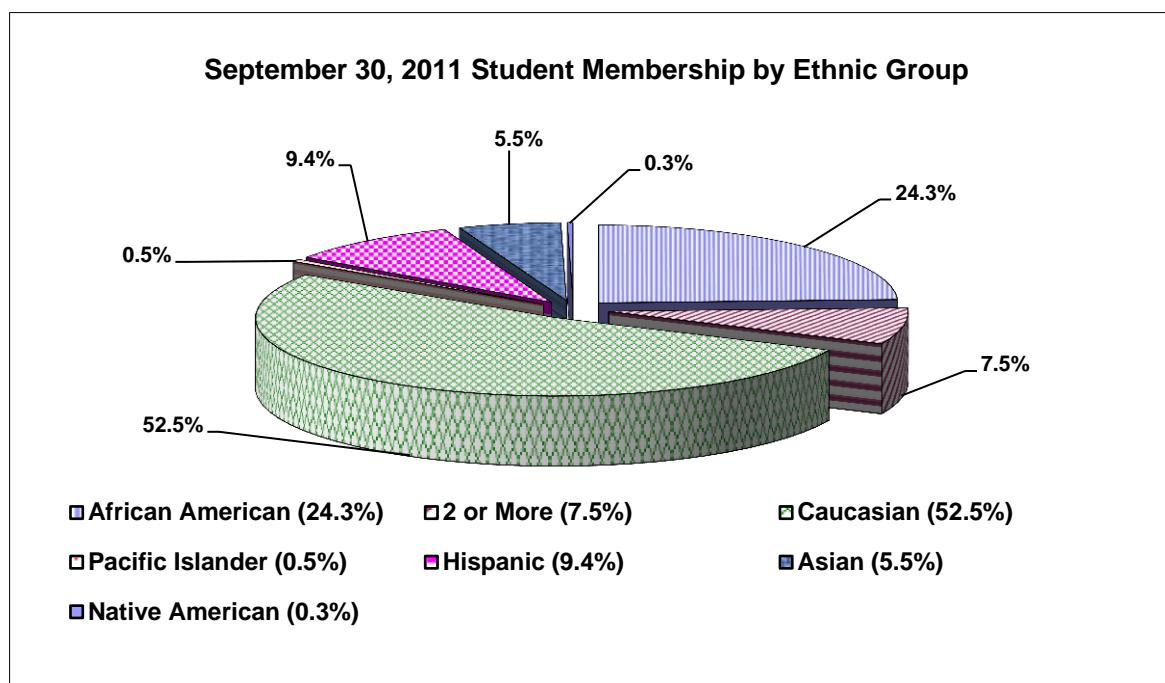


Table 27

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2012**

Date of Incorporation	January 1, 1963
Form of Government	Council - Manager
Area - Square Miles	307
Land	248
Water	59
Culture and Recreation:	
Developed District Parks	8
Developed Community Parks	13
Developed Neighborhood Parks	181
Natural Parks	5
Other Park Areas	46
Acres in Developed Parks	3,648
Golf Courses (City Owned)	5
Recreation Centers	7
Population:	
Census 1970	172,106
Census 1980	262,199
Census 1990	393,069
Census 2000	425,257
Census 2010	434,412
Current Estimate	441,246

Table 28

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - PRINCIPAL EMPLOYERS
Current Fiscal Year and Nine Years Ago**

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2012			2003		
City of Virginia Beach/Schools	17,227	7.39 %	1	16,762	8.42 %	1
Sentara Medical	4,600	1.97	2	2,021	1.02	3
Lynnhaven Mall *	2,600	1.12	3	3,500	1.76	2
SAIC	2,500	1.07	4	-	-	-
GEICO	2,300	0.99	5	1,600	0.80	7
STIHL, Inc.	2,052	0.88	6	1,300	0.65	10
Navy Exchange Service Command	2,000	0.86	7	1,888	0.95	4
Gold Key PHR	1,943	0.83	8	-	-	-
Amerigroup Corporation **	1,850	0.79	9	1,300	0.65	8
Christian Broadcasting Network	1,000	0.43	10	-	-	-
Pembroke Mall *	-	-	-	1,700	0.85	5
Lillian Vernon Corp.	-	-	-	1,700	0.85	5
Totals	<u><u>38,072</u></u>	<u><u>16.33 %</u></u>		<u><u>31,771</u></u>	<u><u>15.95 %</u></u>	

Source: City of Virginia Beach - Department of Finance and Department of Economic Development (data reported for FY 2012 is based on current Community Profile as of 10/27/2012)

* Current source of data focus is by individual employers

** Fortune 500 Company

Table 29

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands)	Per Capita Personal Income	Median Age	Number of City Employees	Education Level in Years of Formal Schooling	Local Unemployment Rate
2003	426,900	\$15,311,803	\$35,135	33.8	6,228	12.7	3.7%
2004	428,200	16,313,369	37,156	34.2	6,378	13.3	3.4%
2005	434,000	17,206,799	39,333	34.4	6,580	13.6	3.3%
2006	433,470	18,485,529	42,281	34.7	6,831	13.5	2.9%
2007	431,820	19,165,012	44,145	35.0	6,898	13.8	2.7%
2008	430,349	19,459,762	45,022	36.0	7,131	13.6	3.7%
2009	432,696	19,510,331	44,999	36.6	7,700	14.0	6.4%
2010	434,412	19,697,709	44,857	36.7	7,713	13.9	6.5%
2011	437,994	*	-	34.9	7,481	14.0	6.0%
2012	441,246	*	-	34.7	7,477	13.8	5.5%

* From the Weldon Cooper Center for Public Service

- Not Available

Source: City of Virginia Beach - Department of Finance

The following sources were used by the City in compiling the above information:

Labor Market Statistics
 Virginia Employment Commission
 Bureau of Economic Analysis
 Experian Data Solutions

Table 30

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

	Real Property Assessed Value	Percent of Total Real Property Assessed			Real Property Assessed Value	Percent of Total Real Property Assessed		
		Value	Rank	2012		Value	Rank	2003
E. D. & A. F. Ruffin & B. L. Thompson	\$ 302,501,600	0.59 %	1	\$ 66,638,512	0.26 %	11		
Armada Hoffler	296,809,400	0.58	2	62,344,820	0.24	13		
Virginia Electric & Power Company	294,279,082	0.57	3	331,323,624	1.28	1		
Lynnhaven Mall LLC*	288,402,800	0.56	4	218,025,451	0.84	2		
Ramon W. Breeden, Jr.	251,093,938	0.49	5	115,552,252	0.45	4		
Verizon Virginia, Inc.	203,597,461	0.40	6	194,152,271	0.75	3		
J. M. , R.J.F. , A.D. & L.E. Caplan	201,192,900	0.39	7	-	-	-		
Pembroke Square Assoc.	168,734,700	0.33	8	109,514,790	0.42	5		
Cheryl P. McLeskey	136,537,824	0.27	9	65,250,451	0.25	12		
Christian Broadcasting Assoc./Net, Inc.	127,291,300	0.25	10	58,988,522	0.23	15		
Thomas J. Lyons, Jr.	109,585,000	0.21	11	76,786,432	0.30	8		
Lake Gem	106,874,100	0.21	12	50,220,974	0.19	18		
Westminster Canterbury	104,908,800	0.20	13	77,078,890	0.30	7		
Sifen, Michael D.	94,734,700	0.18	14	37,686,412	0.15	24		
Watergate Treehouse Associates LP	93,302,200	0.18	15	50,584,900	0.19	17		
Atlantic Shores Cooperative	93,032,800	0.18	16	75,544,154	0.29	10		
BBR/Marina Shores LLC	86,652,600	0.17	17	-	-	-		
Aimco Maple Bay & Aimco Reflections LLC	80,498,000	0.16	18	-	-	-		
Windsor Lake & Shoreline Apartments LLC.	78,665,700	0.15	19	41,346,480	0.16	23		
Potter Properties	76,518,300	0.15	20	60,508,610	0.23	14		
Inland Diversified Virginia Beach Landstown LLC	74,292,500	0.14	21	-	-	-		
Virginia Natural Gas	70,119,594	0.14	22	-	-	-		
Occidental Development, Ltd.	59,026,100	0.11	23	-	-	-		
Wal Mart Real Estate Business Trust	50,344,200	0.10	24	35,897,541	0.14	25		
Princess Anne Properties, Inc.	46,365,600	0.09	25	45,076,824	0.17	21		
Gale M. Levine	-	-	-	42,848,026	0.17	22		
Tidewater Oxford Ltd Partnership	-	-	-	86,566,488	0.33	6		
Cecil V. Cutchins	-	-	-	47,835,424	0.18	19		
New Regency Hilltop Associates	-	-	-	75,722,198	0.29	9		
Sandler Development at Towne, etc.	-	-	-	46,991,248	0.18	20		
Kemp River & Bonneys Corner Associates	-	-	-	51,671,881	0.20	16		
Totals	\$ 3,495,361,199	6.80 %		\$ 2,124,157,175	8.19 %			

Source: City of Virginia Beach - Department of Finance, Office of Real Estate Assessor, and Commissioner of the Revenue

* Formerly Knickerbocker Properties

Table 31

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Public Service		Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Assessed Value		Assessed Value		Assessed	Total Taxable Assessed Value		
	Residential	Commercial	Residential	Commercial	Value	Assessed Value		
2003	\$21,434,954,497	\$4,514,290,861	\$2,367,600,955	\$636,937,587	\$753,259,714	\$29,707,043,614	\$29,707,043,614	100.0%
2004	22,767,618,113	4,746,370,613	2,485,568,403	766,618,714	743,170,991	31,509,346,834	31,509,346,834	100.0%
2005	25,956,007,302	5,325,837,162	2,707,998,050	661,169,653	624,562,746	35,275,574,913	35,275,574,913	100.0%
2006	32,231,908,260	6,147,104,498	2,935,301,133	775,663,085	530,465,288	42,620,442,264	42,620,442,264	100.0%
2007	39,343,218,144	6,778,924,250	2,918,848,554	869,072,522	545,140,581	50,455,204,051	50,455,204,051	100.0%
2008	47,862,927,769	7,283,463,230	3,260,237,123	892,229,360	647,905,245	59,946,762,727	59,946,762,727	100.0%
2009	48,889,366,712	7,877,386,575	2,807,028,410	905,268,622	807,890,384	61,286,940,703	61,286,940,703	100.0%
2010	47,128,334,239	8,251,639,426	2,860,711,763	751,063,121	890,229,132	59,881,977,681	59,881,977,681	100.0%
2011	43,967,169,845	8,008,231,601	3,105,575,058	972,520,233	927,509,746	56,981,006,483	56,981,006,483	100.0%
2012	42,582,797,354	7,925,225,472	3,225,216,284	1,079,909,616	938,693,399	55,751,842,125	55,751,842,125	100.0%

Source: City of Virginia Beach - Department of Finance, Office of Real Estate Assessor, Commissioner of the Revenue, and City Adopted Resource Management Plan

Table 32

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$445,787,734	\$420,490,211	94.3%	\$17,641,035	\$438,131,246	98.3%
2004	458,846,761	421,236,325	91.8%	18,004,594	439,240,919	95.7%
2005	505,050,845	468,796,012	92.8%	20,083,543	488,879,555	96.8%
2006	531,438,288	483,649,302	91.0%	13,928,719	497,578,021	93.6%
2007	527,465,143	505,518,196	95.8%	17,287,715	522,805,911	99.1%
2008	562,044,329	537,526,149	95.6%	20,187,988	557,714,137	99.2%
2009	570,582,069	547,934,162	96.0%	18,475,325	566,409,487	99.3%
2010	546,129,490	526,040,648	96.3%	14,647,057	540,687,705	99.0%
2011	523,586,269	504,769,073	96.4%	10,826,695	515,595,768	98.5%
2012	529,296,087	496,807,253	93.9%	-	496,807,253	93.9%

Note: Collections in subsequent years represent delinquent accounts collected during the course of the fiscal year for all prior fiscal years

Source: City of Virginia Beach - Department of Finance

Table 33

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - REVENUE RATES
Last Ten Fiscal Years**

Fiscal Year	Real Property Tax Rate	Additional Real Property Tax Rate Sandbridge SSD	Additional Real Property Tax Rate Town Center SSD	Additional Real Property Tax Rate Old Donation SSD	Personal Property Tax Rate
2003	\$1.2200	\$0.1200	\$0.5700	\$ -	\$3.7000
2004	1.2200	0.1200	0.5700	-	3.7000
2005	1.1964	0.1200	0.5700	-	3.7000
2006	1.0239	0.1200	0.5700	-	3.7000
2007	0.9900	0.0600	0.5700	-	3.7000
2008	0.8900	0.0600	0.5000	-	3.7000
2009	0.8900	0.0600	0.4500	-	3.7000
2010	0.8900	0.0600	0.4500	-	3.7000
2011	0.8900	0.0600	0.4500	-	3.7000
2012	0.8900	0.0600	0.4500	0.1840	3.7000

Note: The City is the only entity with local taxing authority within its boundaries.

Source: City of Virginia Beach - Department of Finance/City Adopted Resource Management Plan

Table 34

SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - RATIOS OF OUTSTANDING GENERAL BONDED DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	State Literary Fund Loans	Total	Percentage of Estimated Actual Full Value of Property	Overall Net Debt Per Capita
2003	\$549,108,352	\$15,059,046	\$564,167,398	1.9%	\$1,413
2004	560,920,130	13,702,546	574,622,676	1.8%	1,805
2005	507,825,172	12,446,046	520,271,218	1.5%	1,883
2006	537,412,163	11,189,546	548,601,709	1.3%	1,930
2007	562,335,734	9,933,046	572,268,780	1.1%	2,194
2008	599,561,596	8,676,546	608,238,142	1.0%	2,234
2009	623,700,693	7,620,046	631,320,739	1.0%	2,244
2010	631,597,701	6,563,546	638,161,247	1.1%	2,256
2011	669,514,476	5,507,046	675,021,522	1.2%	2,287
2012	672,627,354	4,750,000	677,377,354	1.2%	2,275

Source: City of Virginia Beach - Department of Finance/Annual Long-Term Debt Report

**SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA
CITY OF VIRGINIA BEACH, VIRGINIA - LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	Fiscal Year			
	2003	2004	2005	2006
Debt Limit	\$ 2,670,250,507	\$ 2,825,715,972	\$ 3,190,640,721	\$ 3,860,707,700
Total Net Debt Applicable to Limit	<u>584,630,486</u>	<u>596,165,128</u>	<u>542,613,308</u>	<u>571,245,135</u>
Legal Debt Margin	<u>\$ 2,085,620,021</u>	<u>\$ 2,229,550,844</u>	<u>\$ 2,648,027,413</u>	<u>\$ 3,289,462,565</u>
Total Net Debt Applicable to the Limit as a percentage of the Debt Limit	21.89%	21.10%	17.01%	14.80%

Source: City of Virginia Beach - Department of Finance/Annual Long-Term Debt Report

Note: Under state law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. However, the City has established financial affordability indicators in addition to keeping debt per capita at \$2,800 or less. The affordability indicators are as follows:

- The total annual debt service for general government supported debt will not exceed 10% of general government expenditures (excluding interfund transfers).
- The City's overall net debt will not exceed 3.5% of the estimated full value of taxable real property.
- The City's overall net debt per capita will not exceed \$2,800.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 4,630,515,462	\$ 5,579,429,624	\$ 5,757,464,367	\$ 5,627,020,280	\$ 5,290,291,119	\$ 5,144,671,623
<u>596,810,346</u>	<u>635,045,232</u>	<u>661,855,123</u>	<u>670,254,683</u>	<u>713,387,034</u>	<u>716,177,198</u>
<u>\$ 4,033,705,116</u>	<u>\$ 4,944,384,392</u>	<u>\$ 5,095,609,244</u>	<u>\$ 4,956,765,597</u>	<u>\$ 4,576,904,085</u>	<u>\$ 4,428,494,425</u>

12.89%	11.38%	11.50%	11.91%	13.48%	13.92%
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**Legal Debt Margin Calculation For
Fiscal Year 2012 Assessed Value of Real
Property (Taxable):**

Regular	\$ 50,508,022,826
Public Service	938,693,399
Total Assessed Value of Real Property	<u>\$ 51,446,716,225</u>

Debt Limit (10% of Total Assessed Value)	\$ 5,144,671,623
Debt Applicable to Limit:	
General Obligation Bonds	716,177,198
Legal Debt Margin	<u>\$ 4,428,494,425</u>



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COMPLIANCE SECTION



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

The Members of the School Board
City of Virginia Beach, Virginia

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Virginia Beach ("School Board") as of and for the year ended June 30, 2012, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated November 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audit of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

Management of the School Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and correctly on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the School Board, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekant & Holland, L.L.P.

Virginia Beach, Virginia

November 29, 2012

